FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Europe means more than economics to Bonn, Page 2

NEWS SUMMARY

GENERAL

Carolina tornado death toll mounts

At least 70 people died and hundreds were injured as 24 tornadoes swept through North and South Carolina, making thousands of people homeless.

North Carolina Governor James Hunt declared the eastern part of the state a disaster area. In one town, an entire shopping centre was brought down, in another whole buildings disappeared. The death toll was expected to rise. In New York, flights were cancelled and delayed as the storm moved northeast and offices closed early as blizzards swept the city.

Ceasefire promise

A high powered ceasefire committee representing all the main Lebanese factions promised there would be no repeat of the night's shelling in which up to 25 people died. **Israel to double southern Lebanese militia, Page 4**

Iraqi missile strike

An Iraqi missile hit a Greek freighter at the head of the Gulf, causing a fire which forced the uninjured crew to abandon ship. **Iraq claims four targets, Page 4**

Shot woman dies

British Council librarian Artemis Economidou, wounded in Athens on Wednesday when her British chief was assassinated, died from her wounds. The Revolutionary Group of Socialist Moslems, previously unknown, claimed responsibility for the shootings.

Political leader held

Pakistani police said opposition leader Iqbal Haider, of the Movement for the Restoration of Democracy, would be held for 90 days for violating martial law by holding a meeting of MRD members.

Basque refugee ban

France is to ban future Spanish Basque refugees from living in South-west France in a bid to curb political violence, but they will be allowed to live elsewhere in France.

Nyerere election hint

Tanzanian president Julius Nyerere hinted again that he may not stand for re-election next year after ruling since independence in 1961.

Uproar in parliament

Opposition leaders walked out of the Indian parliament in protest at the handling of violence in the Punjab, where a policeman was killed in a fresh outbreak. In New Delhi, the moderate Sikh leader shot on Wednesday died.

Diplomatic warning

Papua New Guinea warned Indonesia that it was considering ordering it to reduce its Port Moresby embassy staff after two aircraft crossed its border without warning, the latest of several incidents. **Page 4**

Nato pessimism

Senior Nato officials now believe that there is little hope of the superpowers resuming nuclear arms control talks this year, in contrast with earlier forecasts.

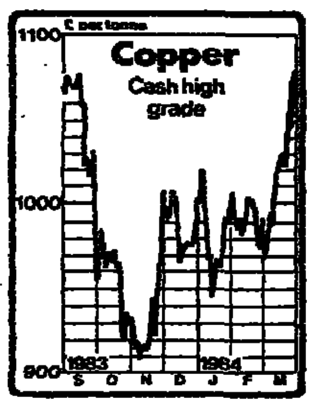
Second Cuba hijack

Cuban police arrested the second hijacker to divert an aircraft to Havana in 36 hours. The Delta Airlines Boeing returned safely to the U.S.

BUSINESS

Full bid to buy out Shell minority

ROYAL DUTCH/SHELL has launched a full scale tender offer for the minority shares in its U.S. affiliate, Shell Oil, after a friendly merger proposal was rejected. The announcement of the bid, at $55 a share, came shortly after a special committee at Shell Oil said it could only recommend a merger at $75 per share.



COPPER PRICES reached an eight-month high on the London Metal Exchange, with three months higher grade closing at £1,098.25 a tonne, £18.5 up on the previous day. **Page 36**

GOLD rose $3.5 to $389.75 in London. In Frankfurt it gained $4.5 to $390.75 and in Zurich it closed up $4.75 at $390.75. **Page 36**

DOLLAR closed generally lower at DM 2.592 (DM 2.5975); SwFr 2.149 (SwFr 2.159), FFr 7.9875 (FFr 7.9925) and Y224.2 (Y225.1). Its Bank of England trade-weighted index was 126 (126.6). In New York it closed at DM 2.5910; SwFr 2.146; FFr 7.8925 and Y224.15. **Page 37**

STERLING improved to $1.4475 but was lower at DM 3.755 (DM 3.76), SwFr 3.1125 (SwFr 3.125), FFr 11.56 (FFr 11.565) and Y324.75 (Y326). Its trade-weighted index was 80.4 (80.5). In New York it closed at $1.4475. **Page 37**

WALL STREET: Dow Jones industrial average closed down 3.87 at 1,170.75. **Report, Page 27; full share listings, Pages 28-30.**

LONDON: FT Industrial Ordinary index added 6.6 to close at 881.8. Government securities put on 0.06 to 83.25. **Report, Page 31; FT Share Information Service, Pages 32-33.**

TOKYO: Nikkei Dow index reached an all-time high for the third successive day, gaining 100.68 to close at 10,801.55. The Stock Exchange index was up 9.23 to close at 852.96. **Report, Page 27; leading prices, other exchanges, Page 30.**

THYSSEN chief executive Dieter Spethmann goes before shareholders today to explain why Europe's largest steelmaker will not pay a dividend. **Page 18**

BELGIUM was authorised yesterday by the European Commission to take over the BFr 51bn ($957m) debt of Cockerill Sambre, the ailing state steel group, paving the way for a capital reconstruction of the group within the framework of an overall EEC plan for the steel industry. **Page 18**

PORSCHE, family-owned West German sports car company, announced the details of plans to go public and revealed that its car sales were increasing rapidly this financial year. **Page 19**

INTEL CORPORATION of the U.S. plans to establish what is thought to be the first semi-conductor chip assembly plant in the U.S. **Page 19**

CHASE MANHATTAN, the third largest U.S. bank, has launched a novel share offer with a scheme under which subscribers to a $200m note issue will receive interest in the form of common stock.

Strong recovery pushes U.S. trade deficit to $10bn

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

THE STURDY U.S. economic recovery and the strong dollar led to another record U.S. trade deficit in February, the Commerce Department revealed yesterday. Last month's deficit reached $10.1bn, easily overtaking January's previous peak of $9.5bn.

February's index of leading economic indicators, also published yesterday, showed the economy still moving firmly ahead, although at a slightly slower pace than in January. The Composite index, drawn from performance in major sectors of the economy, and designed to reflect economic activity in the weeks ahead, was up by 0.7 per cent, against a revised 1.0 per cent in January.

The Commerce Department said the February trade deficit, considerably higher than most private economists had expected, did not alter its forecast that the deficit would reach $110bn this year, about $40bn higher than last year's record $69.4bn.

The value of U.S. exports in February plunged by 6.1 per cent to $17.28bn, while imports dropped marginally to $27.3bn, the department said. The deficit with Japan was $2.4bn last month, down from $2.6bn in January.

Mr Malcolm Baldrige, the Commerce Secretary, said the recent rise in U.S. interest rates would probably delay a further decline in the value of the dollar. But Mr Martin Feldstein, President Ronald Reagan's chief economic adviser, said he still expected the dollar to fall by about 5 per cent by the end of the year.

Mr Baldrige said slower domestic growth, as foreshadowed by the February economic indicators, combined with faster growth abroad, should stem the decline in the trade balance later in the year. The latest figures, however, are likely only to add to mounting pressure for government action to curb the deficit.

The 0.7 per cent rise in the leading indicators was also higher than the figure of around 0.4 per cent that most private analysts had expected. Only five of the 10 indicators available, however, were positive, with a rapid expansion of new businesses leading the way.

The other positive indicators were new claims for unemployment benefits, the pace of deliveries, building permits and the money supply. The negative indicators were led by declining stock prices, accompanied by minus ratings for new orders for consumer goods, factory plant and equipment, and raw materials prices.

Mr Larry Speakes, the White House spokesman, said the decrease from January indicated a more moderate pace of growth that "should help relieve some of the concern about overheating in the economy." He said the indicators showed that "the economy is positioned for a strong and manageable level of growth in the months ahead."

Europe should not rely too much on the U.S. to pull it out of recession, warns the Bank of England in its latest Quarterly Bulletin. The Bank says the fast pace of recovery in North America cannot be relied on to spread immediately across the industrial world and points out that exports between the U.S. and European economies amount to only about 2 per cent of gross domestic product. Page 12

Argentina likely to miss debt arrears payment

BY JIMMY BURNS IN BUENOS AIRES AND ROBERT GRAHAM IN LONDON

HOPES that Argentina would settle its debt arrears with international banks before tomorrow's deadline appeared to be increasingly slim yesterday.

Intense negotiations, however, were continuing in Buenos Aires and Washington involving the Argentine Government, the International Monetary Fund and the banks, to work out a compromise formula on Argentina's $43bn debt.

A banker close to the negotiations in Buenos Aires said that U.S. banks would now probably have no option but to classify debt arrears as non-performing for the first quarter.

Nevertheless, the negotiations were aimed at ensuring a solution that would bring interest payments up to date during the course of the year, he said.

Mr Donald Regan, U.S. Treasury Secretary, told Congress this week that there was a 10-day grace period before which the interest arrears were classified as non-performing. But he said he would not bend any rules in this respect. Overdue interest totals $2.7bn.

Negotiations in Buenos Aires are being conducted by Mr William Rhodes, president of Citibank and chairman of the steering committee in charge of Argentina's debt.

He arrived there after the annual meeting of the Inter-American Development Bank (IDB) in Punta del Este, Uruguay, where behind-the-scenes negotiations had also been conducted both with the IMF and the banks.

U.S. banking rules say that loans on which service payments are more than 90 days in arrears must be declared as "non-performing" and that any interest on the loans must be reversed. Banks normally include in their profits interest due on loans even if the money has not actually reached them.

In the case of Argentina, interest payments have not been received since last October and the arrears will cause U.S. banks to report lower profits for the first quarter. However, these earnings could be restored as and when Argentina makes up its arrears, when the new loan package is agreed.

Returning from Punta del Este on Wednesday, Sr Bernardo Grinspun, the Argentine Economy Minister, said that he was "optimistic" over the outcome of the meeting. He hopes to sign a "letter of intent" to the IMF within the next two weeks.

Terry Dodsworth in New York writes: According to Wall Street analysts, the fall in the share price of the big U.S. banks over the last two months has largely anticipated any failure to receive first-quarter interest payments on their Argentine loans.

Since February 1, for example, Manufacturers Hanover Trust's share price has dropped by 13.5 per cent, and Morgan Guaranty Trust's by 12.4 per cent.

While recognising the importance of the problem, analysts say they expect the Argentines to pay up eventually, and are warning that Brazil's next loan rescheduling poses a much more serious problem to the U.S. banks.

Editorial comment, Page 16; Commerzbank chief on debt issue, Page 3

Husky Oil sells U.S. assets

BY TERRY DODSWORTH IN NEW YORK

MARATHON OIL, the energy subsidiary of U.S. Steel, is to acquire the U.S. activities of the Canadian-owned Husky Oil group for $505m in cash.

The deal was first mooted three years ago, and will give the U.S. group access to at least 42.6m barrels of crude oil and 109.5bn cubic feet of natural gas.

This will more than compensate for the depletion of Marathon's own U.S. reserves over the last year, when its crude oil resources fell from 597m barrels to 550m.

Mr Harold Hoopman, Marathon's president, added that Husky's exploration and production activities in the Rocky Mountains, mid-continent, Pacific coast and Louisiana Gulf coast areas were of primary importance because the group already had extensive interests in these areas.

Under the terms of the agreement, Husky is to dispose of its downstream assets in refining, marketing and transport before the closing date. These involve two refineries, pipelines and 125 retail outlets in the western U.S., the proceeds of which will be put towards eliminating Husky's $220m long-term debt.

The deal to sell the company will result in a "large" extraordinary gain in 1984 and a transformation of its debt-heavy balance sheet, said Mr Robert Blair, chairman of Husky.

"We don't need the money for anything in particular. We just felt it was a good time to strengthen up Husky's balance sheet," Mr Blair said.

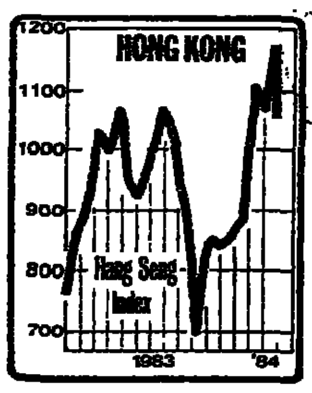
Marathon, acquired by U.S. Steel three years ago after a bitter bid battle which was a forerunner to the present wave of takeovers in the industry, put up a dull performance last year.

Sales fell from $2.7bn to $2.6bn, while after-tax profits declined from $315m to $282m. It was particularly hard hit in the U.S., where earnings plunged from $335m to $283m.

Overseas, where it is active in the North Sea and Libya, it has been more successful in maintaining its reserves. Last year, its total crude oil reserves rose from 924m barrels to 993m barrels despite the rundown in the U.S.

Bernard Simon adds from Toronto: Husky recently completed expansions to a Saskatchewan refinery and has proposed erecting a large heavy oil upgrading facility in the province. It has also recently taken an interest in the Hibernia oil discovery off Canada's east coast.

Shell Canada shake-up, Page 19



Jardine sparks sharp fall in shares

By Robert Cottrell in Hong Kong

HONG KONG SHARE prices fell sharply yesterday, in a fresh round of political nervousness triggered by Jardine Matheson's plans to move its ultimate holding company to Bermuda. Jardine says uncertainty about Hong Kong's future might put the company at a disadvantage when seeking international contracts, joint ventures or finance.

The announcement on Wednesday – after the close of local stock market trading – took investors by surprise. The Hang Seng index fell 61.76 points on Thursday to close at 1,057.09, its sharpest one-day decline in six months.

Jardine is Hong Kong's oldest and most famous company. Once an opium trader, it is now a conglomerate with major property, insurance and shipping interests.

Mr Simon Keswick, the group's chairman, said Jardine does not plan to move assets out of Hong Kong, but wants to move its holding company to Bermuda because of anxiety about what will happen to Hong Kong after Britain's lease over most of the territory expires in 1997. Mr Keswick said a particular attraction of Bermuda, a self-governing British colony, is its legal system.

Jardine, which enjoys a stock market capitalisation of some HK$5bn ($641m) will remain publicly quoted in Hong Kong.

Brokers say Hong Kong share prices fell sharply in London late Wednesday, and opened weak in Hong Kong yesterday on the back of overseas selling orders. At 11am, the Hang Seng index was down 72.95 points. It recovered partially by lunchtime, but hit a fresh batch of selling in the afternoon.

The Hong Kong Government, in a brief statement, has described Jardine's move as a "commercial decision." Privately, some Hong Kong business executives criticise Jardine.

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Paris to axe 20,000 steel workers' jobs

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government yesterday announced the closure of more steel plants and cancelled substantial investment as part of a new rationalisation plan designed to eliminate losses in the two state-owned steel-making groups by 1987.

The revised plan is based on maintaining steel production at its present level of about 18.5m tonnes through to 1987 instead of increasing *it to 24m tonnes as proposed in* the Government's 1982 plan.

On government calculations it involves a 20,000 cut in the steel workforce although the Communist-led CGT union last night claimed it would be closer to 30,000. Most of the job losses will fall on Lorraine in eastern France which has already lost 40,000 jobs in the past 10 years.

Steel workers reacted violently to the measures. At Longwy, scene of the 1979 steel riots, workers ransacked the local tax office. At Neuves Maisons in Lorraine, a train was held up and equipment was damaged.

The CGT called for a strike in the Lorraine steel industry on April 3, describing the decisions as "totally *unacceptable." It is the first time* since the Government embarked on its industrial restructuring that decisions over closures have been so rapidly and angrily challenged.

Among the installations to be closed is the recently-built steelworks at Neuves Maisons belonging to the Usinor group; part of the smelting works and blast furnaces at Longwy (also Usinor); the hot-rolled coiling mill at Rombas belonging to the Sacilor group; and the special steels plant of Ugine Fos near Marseilles.

The most controversial decision at yesterday's Cabinet meeting was the decision to cancel the FFr 1.3bn–2bn ($162m–$250m) investment planned by Sacilor on a new universal rolling mill at Gandrange in Lorraine. The group wanted the giant mill to replace three existing but outdated rolling mills making rails, beams and piling.

The Cabinet decided that the investment would still leave Sacilor running up losses on its Lorraine based long products division because of the high cost and low quality of local ore. The decision throws in doubt the future of much of the Gandrange steel complex, which employs about 9,000 people.

In giving priority to eliminating

Continued on Page 18

Cockerill Sambre's debts, Page 18

Delors plans boost for small business

BY PAUL BETTS IN PARIS

THE FRENCH Government last night announced measures to stimulate the creation and development of small and medium-sized enterprises.

The new incentives include a savings account specifically linked to the accumulation of funds for setting up a business; tax concessions to encourage the development of venture capital; fiscal incentives for research and the introduction of information processing and automation in enterprises; and measures designed to encourage management buyouts and develop the practice of employee stock option plans in France.

The package also includes incentives for enterprises or individuals to acquire troubled companies in depressed industrial zones. The measures, presented by M Jacques Delors, French Economy and Finance Minister, coincide with the French Government's announcement yesterday of painful restructuring measures for the French steel industry.

The latest measures to stimulate the creation of new enterprises are set out in the form of a 12-article Bill to be submitted to Parliament this spring. M Delors said the Government wanted to keep the new legislation as short and simple as possible. The new measures were designed to fill the gaps in legislation already passed under the Socialist Administration to promote the development of small and medium-sized industries.

At a time when investment was growing again in France but the country was also facing complex industrial restructuring problems, M Delors said last night, the Government had decided to introduce a

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EUROPEAN NEWS

WORK ON FIVE REACTORS TO BE HALTED UNDER ENERGY PLAN

Spain writes off nuclear investment

BY DAVID WHITE IN MADRID

SPAIN WILL write off investments of Pta 496bn (£2.3bn) under the downscaling of the nuclear energy programme now being undertaken by the Socialist Government, according to estimates by the Ministry of Industry.

The investments have already been made on projects rejected in the new national energy plan which is now being sent to Parliament. Five nuclear plants with a combined capacity of almost 5,000 megawatts are being dropped from the earlier programme.

The final choice had been pending since October, when the Government confirmed its election aim of reducing projected nuclear capacity to 7,500 Mw in the early 1990s. This compares with a target of 12,500 Mw set in the last energy plan in 1979.

Under revised estimates of energy needs, only four more reactors are due for completion between now and 1992, in addition to the six currently working.

It is confirmed that the Government has finally written off the twin-reactor station at Lemoniz near Bilbao, paralysed by terrorist action of the Basque separatist ETA movement.

Also shelved are two reactors being built at Valdecaballeros, in Badajoz province near the Portuguese border under a contract with General Electric of the U.S. Work was already well under way, and total investments there to date are reckoned at about Pta 200bn.

The fifth plant hit by the cuts is a second reactor at Trillo, north-east of Madrid. Work on this had already been suspended, but the first Trillo reactor, being built in conjunction with Kraftwerk Union of West Germany, will go ahead and is expected on stream in 1987.

The other project which has been rescued from doubt is a Westinghouse-model reactor at Vandellos in Catalonia. Also confirmed are projects at Asco, also in Catalonia, where a first reactor went on stream last year, and at *Cofrentes*, near Valencia.

Sr Carlos Solchaga, the industry and energy minister, said the plan contained a revision clause to allow for any of the axed reactors to be re-installed if there were a sharp change in prospects for energy demand.

The energy plan, which was originally to have come out last year, provides for investments of Pta 1,066bn, spread over the next three years on the electricity sector (almost half the total), coal, natural gas and nuclear fuels.

Nuclear energy is due to provide 29.5 per cent of Spain's electricity in 1992, according to the plan, against 9 per cent last year. Of the remainder, 29 per cent is due to come from hydro-electric plants (25 per cent last year), 39.5 per cent from coal-fired stations and 2 per cent from oil and gas.

In Bonn, Europe means far more than economics

Rupert Cornwell explains why the ideal of European unity has outweighed the cost of the Community.

TO PREDICT the exact outcome of the financial negotiations now bedevilling the European Community would require the so far uninvented skills of a poker-playing soothsayer with a degree in advanced mathematics.

But two things are already clear. The first is that West Germany, with stoic resignation, will be the country to stump up the largest sum. The second is that when a settlement comes, as in Bonn's view it surely will, West Germany will be in the forefront of those advocating a renewed drive towards European integration.

Chancellor Helmut Kohl has long since left no doubt of his intentions. He has often promised that once the present difficulties are out of the way, his Government would table an initiative of this kind.

In the Bundestag this week, he was at it again: "The question is, who is ready to follow us along the path towards the political union of Europe, with the explicit goal of the United States of Europe?"

Given the bazaar haggling of the past fortnight in Brussels, such a call to arms might on the face of it appear rather *incongruous. In fact though,* and particularly for West Germany, one is a natural corollary of the other.

It is easy to be cynical about the Chancellor's references, without further elaboration, to such things as "European union." Might they not give added weight to the slighting references seen in the British Press after his involvement in the breakdown of the last summit that Herr Kohl is "not strong on detail?"

There is much more to it than that, however. An EEC budget rebate to Britain of the size being argued over would leave West Germany alone as the single major net contributor to the Community. And there are powerful pressures at home upon Herr Kohl to ensure that he who pays the piper should be seen in good part to be calling the subsequent tune.

Bonn is being asked to produce more money just when the Centre Right coalition is reaping the first fruits of a stricter, but by no means universally popular, budgetary policy at home.

Chancellor Kohl: pressure to call the tune

True, the final package of EEC reform will have ingredients much to Bonn's liking: not least the new budgetary discipline which should see the money available determining policy, instead of the other way round, and the possibility that a new system might set limits on the net contribution even of West Germany.

But future hopes do not change today's realities. The elimination of border subsidies ("positive MCA's) for German farm exports as France above all has demanded, will cost an estimated DM 2bn (£531m) a year. Bonn's share of a rebate to Britain could cost an extra DM 450m to DM 500m.

If the increase which has already been agreed in the Community's resources is also included, it is reckoned here that EEC reform might cost West Germany DM 18bn over the next five years. But the figures are hard to be sure about: the opposition Social *Democrats say the true sum* could be DM 30bn.

No wonder Herr Gerhard Stoltenberg, the Finance Minister, who has nailed his considerable political reputation to a shrinking public sector deficit, remarked the other day that in his view, Britain had already been offered more than seemed objectively justified.

But there are far deeper political considerations behind the conviction that a settlement towards which Bonn will have contributed a great deal materially should become a springboard for advance, rather than a holding operation before another acrimonious wrangle develops.

Defeat in war, the division of the country and the destruction of a former national identity have made Common Market membership specially important to West Germany. In return it has hugely benefited: not just industrially and politically but as the MCA problem has shown—agriculturally as well.

Lately however the country has seen its EEC costs rise steadily, but with no corresponding development of the Community. There is some talk of weariness with Europe, and not for nothing does Herr Kohl have to emphasise what would seem self-evident, that "for us there is no alternative to Europe."

The fashionable fear however is that there *is* an alternative: of a disenchanted West Germany drifting off into a neutralist, central European yonder, where the sky is tinged with the dream of re-unification.

France's desire to draw West Germany into much closer defence collaboration is but another sign of such anxiety as is the constant emphasis in Bonn on the overriding importance of the relationship with Paris, to which the MCA agreement can easily be seen as an expensive, if unavowed, sop.

This is all a far remove from the mystifying formulae being traded across the bargaining table in Brussels. But for Bonn, whatever its insistence that Britain must remain a full member of the Community, the issues are not unconnected.

Commission plays down UK refusal

By Ivo Dawnay in Brussels

THE EUROPEAN Commission yesterday played down the significance of Britain's decision not to comply with its request for an early payment of £100m in customs duty contributions.

Officials merely said they would be examining the text of Sir Geoffrey Howe's statement on Wednesday night, before seeking further clarification.

The UK refusal was being interpreted as a gesture to pacify rebellious MPs, angry at the Government's failure to halt all contributions to the Community in retaliation for the delayed payment of the £457m rebate.

The calm, even muted, reaction of the Commission is seen as further evidence of the anxiety of both sides not to allow an escalation of tensions between Britain and its nine partners which could jeopardise a comprehensive budget rebate settlement.

Normally, payments of duties to the EEC are made two months after their collection, but the Commission retains the right to request *early payments.*

The duties at issue would usually be transferred on April 20, however the Commission asked member states earlier this month to make funds available by March 30.

Sir Geoffrey made clear that Britain had no intention of halting its contributions to the Community. But there was now no need to pay the £100m advance payment as this was intended to cover the cost of paying the British and West German budget rebates, currently being blocked by the French and Italians.

The stage is set for a new round of discreet haggling over the exact legal interpretation of the regulation under which early payment was requested.

While the Commission will argue that it is not for the UK to determine whether or not Brussels needs the money, the British will challenge both the interpretation of the rule and alleged irregularities in the way the request was made.

All party backing for Irish super-levy fight

BY OUR DUBLIN CORRESPONDENT

THE IRISH Government has secured all-party support for its handling of EEC plans to impose a super-levy on milk production, despite strong misgivings expressed by the main opposition party, Fianna Fail. A motion agreed in the Dail declared that the matter was of "vital national interest" and demanded exemptions for Ireland until the country's farmers had reached average European levels of dairy production.

An amendment tabled by Mr Austin Deasy, the Agriculture Minister, requesting support for the Government's efforts to ensure a satisfactory result for Ireland in the super-levy negotiations was also agreed.

Fianna Fail criticism during the debate of the Government's handling of the issue was countered by Mr Alan Dukes, the Finance Minister, who said there could be no overall solution to agricultural problems within the EEC without a revision of the Community's financing arrangements.

● President Ronald Reagan is likely to address a joint session of the Irish Dail and Senate during his visit to Ireland in June following a parliamentary decision to invite him to do so. The session is likely to take place on June 4, the final day of the President's official visit, and will only be the second occasion that the Irish Parliament has been addressed in this way.

If it goes ahead, the address to the joint session is likely to be boycotted by the minority Workers Party, which has two members in the Dail. Yesterday, it called on the Government to "clarify its intentions" regarding the invitation to President Reagan to address both Houses. The Workers Party is strongly critical of U.S. foreign policy and has opposed Mr Reagan's visit since it was first mooted.

Polish minister defends farm price system

By Christopher Bobinski in Warsaw

POLAND'S Agriculture Minister, Mr Stanislaw Zieba, says the Government intends to stand by its much-criticised farm price system which favours grain production over meat.

However, he told a congress of the Peasant Party—junior partner in the Government—that farming incomes were dropping in relation to urban earnings, and he implied that steps would be taken to redress the balance.

Difficult decisions will have to be taken in the coming months as the prices paid to farmers are changed each year on July 1. Any increase has to be passed on to consumers, a risky manoeuvre so soon after the last round of food price increases in February.

Bundestag passes retirement Bill

BY RUPERT CORNWELL IN BONN

THE West German Bundestag yesterday approved a Bill granting workers the possibility of early retirement at age 58. It is a measure which the Government hopes will be a key weapon in its campaign against the 35-hour working week.

The Bill, which was approved by 265 to 192, entitles an employer to assistance from public funds in early retirement pay for an employee, on the condition that the job made vacant goes to someone who is unemployed or a first time job seeker.

The Government hopes that the measure could reduce unemployment registers here by up to 500,000 for the period of 1984 to 1988.

It now goes for approval by the Bundesrat, or upper house, next week, whereupon it will become law. The measure should take effect around April 9, the day the unions have set as the deadline for a breakthrough over their demands for a straight cut in the working week to 35 from 40 hours.

Yesterday, the opposition Social Democrats unavailingly criticised the early retirement Bill, saying it would free 25,000 jobs at best. The unions have also argued that it is not enough to make real inroads into West Germany's unemployment, currently 2.5m.

An earlier 35-hour week deadline from the unions slipped by yesterday without undue excitement. But talks up and down the country between the two sides of industry over new wage contracts continue to yield no visible progress. A serious strike in the most militant metal-working sector now looks probable.

● Herr Horst Dieter Esch, chief executive of the failed construction equipment company, IBH Holding, is to stay in custody for questioning on possible irregularities at a subsidiary, according to the Public Prosecutor's office in Hanau, Reuter reports from Frankfurt.

It said the district court in Gelnhausen decided yesterday to extend his custody indefinitely for further questioning about the Gelnhausen-based company, Wibau, which went bankrupt in November.

In addition to the Hanau office, the Prosecutor's office in Koblenz has applied for a detention warrant to question Herr Esch over the affairs of IBH Holding itself.

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Mitterrand's budget deficit ceiling breached

By David Housego in Paris

THE FRENCH budget deficit for 1983 appears to have exceeded the ceiling of 3 per cent of GNP imposed by President Francois Mitterrand 18 months ago.

The ceiling was intended to demonstrate the Government's determination to keep expenditure under control at a time of increasing pressure on the franc. It has continued to be viewed by M Jacques Delors, the French finance minister, as an important psychological underpinning of the franc.

On semi-official estimates the deficit last year rose to FFr 129bn (£11.15bn) as opposed to the FFr 118bn forecast in budget estimates. This means a proportion of GNP of 3.2-3.3 per cent. The larger shortfall was the result of lower tax receipts than expected.

The disclosure that the deficit ceiling was exceeded last year comes at a time when the Government is facing painful choices in preparing the 1985 budget. In order to redeem President Mitterrand's pledge of September last year to cut taxes as a percentage of GNP by 1 percentage point, expenditure will have to be cut by a further FFr 70bn.

M Pierre Mauroy, the Prime Minister, has in recent days joined M Laurent Fabius the industry minister and M Michel Rocard in arguing that this is unacceptable.

M Mauroy proposes that the tax cut be spread out over two years so that the maximum benefit would be felt in 1986, the year of parliamentary elections.

● Senior executives of French companies are rather less pessimistic about the industrial outlook than in February, with no marked changes in activity expected except for a drop in car production, the National Statistics and Economic Studies Institue (Insee) said, Reuter adds.

Its March industrial survey confirmed a recovery in industrial output since last summer. Stocks of finished goods are reported as close to normal.

Latest industrial production figures for January published earlier this month showed output 3.1 per cent higher than a year ago, the same as in the 12 months to December.

Euro-parliament urges N. Ireland development

BY JOHN WYLES IN STRASBOURG

THE European Parliament yesterday completed its year-long probe into the economic and political aspects of the Northern Ireland problem by calling for closer co-operation between the British and Irish Governments and the creation of an EEC development plan for the province.

Adoption of a long and politically sober resolution by 124 votes to three with 63 abstentions closes a chapter on an extremely controversial parliamentary initiative. Condemning the inquiry as an unacceptable intrusion into the internal affairs of a member state, the British Government refused formal co-operation with Mr Nils Haagerup the Danish Liberal charged with drafting a report and resolution for the parliament's Political Affairs Commitee.

None the less Mr Haagerup's achievement won nearly universal praise yesterday including warm tributes from British Conservatives who had supported their Government's stand and opposed the inquiry.

They paid Mr Haagerup the compliment of abstaining on the final resolution instead of voting against it.

"I cannot speak too highly of the work Mr Haagerup has done and of the way he has presented his report," said Lady Elles, speaking on behalf of the Conservatives.

The clash between the unionist and nationalist identities in Ireland, sensitively described in the Haagerup report brought a vitality to the debate which is rarely seen in the parliament.

While avoiding constitutional issues, the resolution seeks co-operation between London and Dublin and the use of their influence on the two communities in Northern Ireland "to bring about a political system with an equitable sharing of government responsibilities, which would accommodate the identities of the two traditions, so upholding the ideals and the concept of tolerance vis-a-vis minorities practised in the two countries

It also urges the parliaments in the two countries to set up an Anglo-Irish parliamentary body in which members of the European Parliament might take part.

The parliament declares its readiness to assume a greater responsibility for the economic and social development of the province. It asks for a review of all current and planned EEC projects in the province and the border areas of the Republic and for "an integrated plan for a major contribution to the development of Northern Ireland."

Speaking on behalf of the European Commission, Sig Lorenzo Natali pledged continuing EEC economic aid and revealed that a special group of commissioners had been set up to consider an integrated approach to aiding the province.

In his report—said by Lady Elles to be "balanced and objective"—Mr Haagerup set out a number of personal conclusions. These included the view that a unitary Irish state cannot be achieved in the foreseeable future and in the current circumstances British withdrawal would raise the level of violence to civil war proportions.

More cuts sought in plastics

By Ivo Dawnay

EUROPE'S PLASTICS manufacturing industry, which has an annual turnover of $18bn, has three years to cut capacity and improve radically its product range if it is to hold its share of the world market, a report by the 45-member Association of Plastics Manufacturers in Europe claimed this week.

Although mergers, the redistribution of product ranges, and other restructuring measures have already taken place, APME believes a further 25 per cent capacity cut is required if European manufacturers are to meet the challenge of Middle Eastern producers entering the market.

Over the past four years, world demand has fallen by as much as 20 per cent, while several major petroleum producers, most noticeably Saudi Arabia, have invested heavily in plants.

U.S. plea to Dutch on deployment of cruise

BY WALTER ELLIS IN AMSTERDAM

MR CASPAR WEINBERGER, the U.S. Defence Secretary, told the Dutch Government yesterday that it was essential to Nato's nuclear defence strategy that the Netherlands deploy the full 48 cruise missiles assigned to it by the alliance in 1979.

Nato's "carefully worked-out plan" for the stationing in Europe of 572 cruise and Pershing weapons was in response to the "enormous build-up of the Russian SS20 missiles," he said, and it was important that deployment should go ahead "as originally designed."

At the start of a day of talks in The Hague, Mr Weinberger said that America was not trying to coerce the Netherlands, and that if the Dutch wanted to station fewer than 48 rockets it was entirely a matter for them.

The original 1979 twin-track plan, however, based on cruise and Pershing deployment on the one hand and arms control talks on the other, had to be implemented, he said.

Mr Job de Ruiter, the Dutch Defence Minister, with whom the American Defence Secretary spent several hours yesterday, was quick to point out the friendly nature of the talks. "Mr Weinberger doesn't want to force anything on us," he said afterwards. "He emphasised that the number of missiles was part of a greater Nato plan."

Further evidence of the pressure under which the Dutch Government is operating came yesterday with a statement from Mr Ed Nijpels, leader of the Liberal Party, that a failure by the Cabinet to agree to cruise would be "unacceptable" and would mean an immediate political crisis.

Nato details verification proposals at MBFR talks

By Patrick Blum in Vienna

NATO NATIONS yesterday clarified some proposals on verification procedures in the Vienna talks on force reductions in Europe (MBFR).

The Nato delegation outlined in some detail proposals on information exchange, on the setting up of a joint consultative commission, and on measures for on-site inspection during yesterday's round of talks, Mr John Karch, the Western spokesman said.

There was a convergence of views in these areas between the West and the Warsaw Pact nations which the West was hoping could open the road to progress, Mr Karch says.

Both East and West proposals provide for regular annual exchanges of information on their forces; there are similarities in the two sides' proposals on a joint commission; and both sides agree in principle to on site inspection," Mr Karch said.

Convergence

He acknowledged, however, that even in these areas of "convergence," there were still many problems to overcome.

He dismissed Warsaw Pact allegations that the West was not taking the talks seriously and in turn called on the Warsaw Pact nations to adopt a more constructive attitude and focus on areas where further work was possible right now.

The Warsaw Pact nations insist that it is up to the West to make new proposals. Western governments, on the other hand, are currently studying the Warsaw Pact proposals as part of the Nato review of East-West relations, begun last December, Mr Karch said.

The various governments have their own views and proposals but at the end of the review what will emerge will be a collective Western position and possibly new proposals. Until then it is unlikely that there will be much progress in Vienna.

Athens warms to Senate decision

BY ANDRIANA IERODIACONOU IN ATHENS

RELATIONS BETWEEN Greece's Socialist Government and Washington took a turn for the better yesterday, on the eve of the visit by Mr Caspar Weinberger, the U.S. Defence Secretary, after a U.S. Senate committee vote linking military aid to Ankara with Turkish concessions in Cyprus.

Mr Weinberger, who arrives today, is expected to discuss Nato's south-eastern flank defences and the possible purchase of U.S.-made F-16 fighter aircraft for the Greek air force.

The U.S. Senate's Foreign Relations Committee decision was carried by a combined Democrat and Republican majority. It specifies that the Reagan Administration may not give Turkey $216m in aid earmarked for 1985, unless the Turkish-occupied city of Famagusta is handed over to the United Nations allowing the immediate resettlement of Greek Cypriot refugees from the area.

A government spokesman in Athens yesterday expressed "satisfaction" over the vote, which he said constituted "a clear political message to Turkey."

The Senate decision may ease the climate somewhat during Mr Weinberger's visit, which comes at a low point in Greek-U.S. relations. No senior U.S. official has been to Greece since Mr Alexander Haig, the then Secretary of State, in the summer of 1982.

The Reagan Administration's proposed aid levels to Ankara, which are regarded as favouring Turkey over Greece, and what is perceived as U.S. unwillingness to put pressure on Ankara over Cyprus, rank high on the list of Greek grievances.

The U.S. is concerned by the continuing high state of tension between Greece and Turkey in the Aegean area and the disruption of regional Nato defence activity by disputes between Athens and Ankara.

These have led Greece to drop out of all joint exercises by the alliance in the region and are also holding up a long-planned new Nato command headquarters at Larissa in the north of Greece.

There has reportedly been irritation in the Pentagon over such local issues such as Communist trade union activity at the U.S. military bases in Greece, Greek court cases brought against U.S. servicemen, and the lack of progress in the investigation into the killing in Athens last November of Captain George Tsantes, a U.S. naval officer.

Turks take calm view of U.S. aid threat

By David Barchard in Ankara

THE TURKISH Government yesterday reacted with studied calm to news of a possible $215m (£148m) cut in U.S. military aid next year. However, Mr Rauf Denktash, the Turkish Cypriot leader, condemned it as "pressures, threats and blackmail" to which neither Turkey nor Turkish Cyprus would yield.

The Foreign Ministry here said that linking military aid to efforts for a solution in Cyprus would not be helpful. "We hope that common sense will prevail."

The proposed cut is thought likely to stiffen attitudes in Ankara. "It could prevent certain events taking place which otherwise might have taken place," said one Western diplomat, apparently referring to the handing back of the Varosha new town area of Famagusta to the Greek Cypriots.

The new town area, which includes shops and hotels abandoned after the 1974 invasion, has been kept fenced off by the Turkish Cypriots, indicating that it may be handed back eventually to the Greek Cypriot south.

Appeal to bankers over Argentine debt problem

BY JONATHAN CARR IN FRANKFURT

AN APPEAL to the international banking community not to break ranks over the urgent issue of Argentina's debt has been made by one of West Germany's most senior bankers.

Dr Walter Seipp, chief executive of Commerzbank, said he realised there were differences of interest, and risk provision, between U.S. banks and other banks involved in Argentina.

None the less, it was important for all banks to show the same solidarity they had already displayed in the cases of Brazil and Mexico. In particular, it was essential to find a solution which prevented U.S. banks from having to declare some of their loans to Argentina "non-performing".

Behind Dr Seipp's remarks, made at Commerzbank's annual press conference, is the realisation that U.S. banks are more heavily involved than others in lending to Latin America in general and Argentina in particular.

It is thus feared that in the kind of war of nerves now going on over Argentina's interest payments, those banks with less to lose – or with more risk provision than their U.S. counterparts – might be more inclined to give way to the demands of Buenos Aires.

Once banking solidarity was lost over Argentina, it is believed it would be very hard to restore as other debtor countries sought better rescheduling accords.

In particular, Dr Seipp made clear that he thought little of proposals to grant debtor nations deferral of interest rate payments, instead of providing them with "fresh money".

Some non-American banks, including German ones, favour this idea but it poses almost insuperable legal obstacles for U.S. banks. This is because their loans would be officially declared "non performing" if interest payments were not received on time, thus undermining profits performance.

Dr Seipp said bluntly that the key aim must be to make the indebted countries creditworthy again, and he doubted whether interest payment deferral would help achieve that.

He advocated steps including longer periods for rescheduling, fresh money, flexibility on the interest rate charged to the borrowers, and bolstering international institutions, including the World Bank and the regional development banks.

OVERSEAS NEWS

Iraq attacks Iranian navy vessels and gunships

IRAQI navy vessels and jets scored "direct hits in four enemy naval targets" and downed two Iranian helicopter gunships in the northeastern sector of the Gulf region yesterday, according to Iraqi radio broadcasts, AP reports from Nicosia.

Mr Ali Akbar Velayati, Iran's Foreign Minister, summoned ambassadors in Tehran to complain about "the insane attacks by Iraqi planes against foreign ships in international waters," it was reported by the official Iranian news agency, Irna.

Commenting on the three Iraqi air and sea attacks against Iranian and foreign-owned ships in the Gulf since Saturday, Mr Velayati was quoted by Irna as saying: "Is there still anybody asking why Iran does not (want to) make peace with Iraq?"

Baghdad Radio, broadcasting a statement by an Iraqi military spokesman, said the four enemy naval targets were spotted at dawn yesterday sailing towards Bandar Khomeini on the Khor Moussa creek, about 72 miles east of the Shatt al-Arab estuary.

Thais capture 40

THAILAND said it had captured 40 intruding Vietnamese troops inside its borde rtoday, Reuter writes from Bangkok.

The announcement, bya Thai military spokesman, followed an exchange of artillery fire along the ill-defined border with Kampuchea adn a protest by Bangkok against what it said were unprovoked and blatant acts of aggression by Vietnamese forces.

Indian walk-out

Opposition politicians walked out of the Indian Parliament yesterday in protest over government handling of violence in Punjab which has led to a new security clampdown in the northern border state, Reuter reports from New Delhi.

Meanwhile, Mr Harbaks Singh Manchanda, a moderate Sikh leader, died in a New Delhi hospital early yesterday after being shot by Sikh extremists on Wednesday.

Nigerian trials set up

Nigeria's military government has set up special tribunals to try hundreds of people held on charges of corruption, mismanagement and abuse of office under the ousted civilian government.

Officials said a decree setting up the tribunals, which has not been published, stipulated life imprisonment for former office holders convicted of salting away 1m nairi (£917,000) or more in foreign or Nigerian bank accounts.

Defence cuts likely for Malaysia

BY CHRIS SHERWELL, SOUTH-EAST ASIA CORRESPONDENT

SHARP CUTS in defence spending to reduce public sector development expenditures are in prospect for Malaysia over the remaining two years of the country's 1981-85 economic plan.

An official "mid-term review" of the plan, published yesterday in Kuala Lumpur, projects real growth in the Malaysian economy over the next two years averaging 6.7 per cent, higher than the 6.2 per cent annual level achieved in 1981-83 but short of the plan target of 7.6 per cent.

The review says this growth has to come from external demand and from the private sector rather than stimulative government spending, as in recent years. Being below target, the projected growth rate has important implications for the government's 20-year New Economic Policy—under which bumiputras (indigenous Malays) secure a greater share of wealth and income in relation to communities like the Malaysian Chinese — because this transformation is supposed to be achieved through growth.

The review acknowledges that a tightening of public sector financial resources will make it more difficult for bumiputra trust agencies to expand. Prospects of achieving the policy's other goal, the eradication of poverty, are also "not too bright," the review says.

Development spending on defence and internal security, which consumes 16-18 per cent of all development expenditure in th years 1981-84, is to drop to 5.8 per cent of an even smaller total of M$6.5bn in 1985. Most other spending sectors hold their ground in percentage terms.

The review, which doesn't spell out any defence cuts, says the lower levels of public spending are designed to ensure a "more sustainable gap" betwen sources of funding and expenditure and to improve the country's balance of payments position.

This springs from Malaysia's abortive attempt at a countercyclical strategy to beat the world recession. The downturn lasted so long that the budget deficit, and hence foreign borrowings and the balance of payments, began to slip out of control, thus threatening Malaysia's good credit rating.

The major impetus for economic growth over the next two years is now expected to come from the external and private sectors. Exports are pro- per cent in 1984 and 1985, compared with 6.2 per cent annually in 1981-83.

Manufacturing is projected to expand at 7.7 per cent annually, compared with 4.8 per cent in 1981-83, while higher liquefied natural gas output is expected to boost the mining sector's contribution and increased palm oil production will raiseagriculture's share of growth.

PNG protests Indonesia 'incident'

BY COLIN CHAPMAN IN SYDNEY

PAPUA NEW GUINEA sent Indonesia a stern diplomatic note yesterday and said it was considering ordering it to cut its staff at its embassy in Port Moresby after two aircraft crossed over its border without warning in the latest of a series of such incidents.

The note claimed that Indonesia had been guilty of "a flagrant violation of its territorial sovereignty and a serious breach of international law."

Papua New Guinea is growing anxious at the implications of Indonesia across the border in adjoining Irian Jaya and at incursions into remote rugged and mountainous Papua New Guineas territory.

In one incident, Irian Jayans are reported to have camped about 10 kilometres inside Papua New Guinea just south of the Catholic mission at Bosst, while an Indonesian-built road was also found inside the border and was explained by Jakarta as a "surveyors' error."

The National Times newspaper in Sydney will today publish leaked Australian Cabinet documents pointing up Indonesia as the only serious threat to Australia, and indicating that although this may be remote, Papua New Guinea could be a source of tension.

The document, entitled the Strategic Basis of Australian Defence Policy, and endorsed recently by Prime Minister Bob Hawke's Cabinet, says that Australia's relations with Indonesia are less easy than with other ASEAN countries.

Although on balance, Australian intelligence experts think relations will remain stable, the strategic paper says that differences over East Timor, the former Portuguese colony annexed by Jakarta, still have significant implications for both countries.

Israel plans to double southern Lebanon militia

BY DAVID LENNON IN TEL AVIV

ISRAEL IS planning to double the size of the southern Lebanese militia which it originally helped establish together with the late Lebanese rebel Major Sa'ad Haddad. It has also appointed a general experienced in civil administration as army commander of Southern Lebanon.

All hope has now been abandoned that the regular Lebanese army will be able to move into the south to take over some of the policing duties currently carried out by the Israeli army.

Instead, Jerusalem is placing its hopes on being able to reduce its military presence in the south by expanding the local militia. In recent weeks it has become common for Israel to refer to the militia as "the South Lebanese Army."

Brigadier General Shlomo Ilya has been appointed Israeli Army commander of Southern Lebanon and has been charged with supervising the expansion of the local militia in that area.

Nora Boustany in Beirut adds: Lebanese gendarmes and helmeted French observers began a deployment along a vital midcity zone yesterday, to prepare for a smooth completion of the withdrawal of French soldiers.

Meanwhile, a high-powered security committee discussed practical steps to stabilise the ceasefire nominally in force.

French troops of the 1,250-man contingent of the multinational force, who began evacuating Beirut last Sunday, are expected to pull out completely by Saturday.

Reagan set on blocking transfer of U.S. embassy

By Reginald Dale, U.S. Editor, in Washington

PRESIDENT Ronald Reagan yesterday strongly suggested he would veto any moves by Congress to transfer the U.S. embassy in Israel from Tel Aviv to Jerusalem, an act that he described in an interview with the New York Times as "most unwise."

Mr Reagan's remarks were the latest in an administration drive to defeat controversial legislation before Congress, which is now supported by at least 37 of the 100 senators and more than 200 members of the 435-strong House of Representatives.

The move, however, has been backed by both leading contenders for the Democratic presidential nomination, former Vice-President Walter Mondale and Sen Gary Hart of Colorado.

China fines staff failing to make a profit

BY MARK BAKER IN PEKING

CHINA has started fining factory managers and workers who fail to make profits.

Staff at six factories in the northern province of Liaoning have had their pay cut by up to 20 per cent "for losses owing to bad management" in January and February.

China has set a target of quadrupling industrial and agricultural output by 2000 and profits are being chased with the same enthusiasm as in the capitalist West.

An official national economic conference last month found that there were still serious losses caused by bad management—despite a 34.6 per cent drop in losses reported by state enterprises in 1983.

Officials attending the conference said many enterprises tried to hide their losses, or tried to shift the blame on to Government policies.

The conference decided that all losses caused by bad management must be overcome by the end of this year and that any cases of fraud brought to light should be punished severely.

At the six factories in Liaoning Province, staff pay has been cut until the enterprises show a profit — and the cuts have been back-dated to the months of January and February when the losses were made.

At a motor factory in the city of Dandong, senior managers have had their pay cut by 20 per cent, middle level managers by 15 per cent, and workers by 10 per cent.

The motor factory had made losses totalling $13,500 during the first two months of the year.

The economic commisssion of the area had warned the six factories of the possibility of pay cuts after they had made losses previously.

Peking has found a new way of boosting foreign exchange earnings

Export commodity with a human face

BY MARK BAKER IN PEKING

CHINA IS quietly building a boom export industry out of its most abundant commodity — people. Tens of thousands of Chinese workers are being sent overseas to work on Chinese Government construction projects or as cheap labour teams for Western companies.

The new coolies are part of Communist China's effort to earn badly needed foreign exchange. In the last five years China has signed contracts involving manpower exports worth more than $2.5bn.

About 40,000 mainland Chinese are now estimated to be working abroad, most of them in the Middle East and North Africa. They are building oil refineries in Iraq, roads across the Sahara Desert, a bank tower in Libya, a soy sauce factory in Thailand and a palace in the Congo. Mostly they are builders' labourers, but they also include architects, engineers, technicians and chefs. There are even plans to send hundreds of Chinese women to Hong Kong as maids.

The Chinese Government hopes to double its labour exports this year and to spread the business into developed Western countries. Targets for expansion are Central and Southern Africa and Australia, although the last will involve conflict with rigorous local labour laws.

But even if more developed countries will not welcome cut-price Chinese workers, the Chinese are still keen to compete with Western companies for the design and management of big engineering projects, and they have already built up considerable expertise during the intensive construction programme which has accompanied the modernisation of the country.

Controversy

China's manpower exports have already caused controversy in other parts of the world. While the organisations responsible for manpower exports remain secretive about the conditions under which the workers live, they appear to be grim.

Officials say an average of $2 a day is paid for each Chinese working overseas—about six or seven times more than the average income within China. They say the workers mostly do an eight-hour shift, six days a week, and meals, medical facilities, accommodation and transport are all provided.

But an official of the Guangdong Manpower Service in Canton—one of 42 authorities which handle manpower exports—confirmed that the workers received only a fraction of the money paid by the contractors for their work. He said most of the money went directly to the Chinese Government: of the money actually paid to the workers, small allowances were given to them for daily use but the rest was dispatched to bank accounts in China, ensuring that none of the foreign exchange goes astray.

The living conditions of the workers are generally far from attractive. During the average of two years that they are away, the Chinese workers are confined mostly to isolated construction camps, often in harsh climates. They are cut off from the local community physically, financially and by language.

A controversy developed in Hong Kong two years ago about 50 workers from mainland China who were employed through a local sub-contractor to build a new electric power station. The workers were reported to be living in cramped and squalid dormitories, with poor food, and forbidden by their Chinese supervisors to have contact with the local people. They could not afford any recreation.

Claims

Some of the workers claimed that about 90 per cent of their wages were kept by the Chinese Government while they received between $35 and $45 a month to live on.

But Chinese officials claim most workers are happy to have the chance to travel abroad and, that while their wages are comparatively low, they are still much higher than in China. The workers are able to lift the living standards of their families, officials say.

They also reject suggestions that the export of Chinese workers—often as cheap and docile labour teams for Western construction companies—is incongruous with socialist principles.

"Some foreigners don't understand us," says Cai Muxiu, manager of the Guangdong Manpower Service. "Through this system we can help other countries, especially in the Third World, earn foreign exchange to help build our own economy and gain experience."

One group seeking to expand overseas is National Construction Engineering Corporation. It wants to do business with Australia, is the biggest construction authority within China and does the most business overseas. Since 1979, when China began labour exports and contracting engineering work overseas, the corporation has completed more than 300 projects in 50 countries and signed contracts worth about $400m.

The deputy director of the corporation's overseas department, Ren Xiaozhong, said it planned this year to double to 20,000 the number of workers it has overseas. It had a workforce of 1.5m within China to draw from, but the scope was almost unlimited: "Our population is so big that even if we send a million out of the country it is nothing." Chinese workers were favoured, especially by Japanese contractors because of their industriousness.

"Of course, we are doing this as a commercial business," said Ren. "We want to make profits, earn hard currency and learn advanced techniques from foreign companies. But we must put friendship first and keep the profits small."

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Thomas Borthwick & Sons plc.
Sir Frederick Wood,
Croda International plc.
C. T. Wyatt,
Costain Group plc.
F. E. Zollinger,
Imperial Continental Gas Assoc.

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(We'd like to thank them for their public support.)
We'd be surprised, however, if all of them loved The Economist at first sight.
More often than not, it's an acquired taste.
Sometimes, it may need three or four issues before the habit takes.
But when it does, just look how far it can take you.

The Economist

TECHNOLOGY

EDITED BY ALAN CANE

ELECTRONICS OPENS UP COMPETITION IN BANKING

Why Citibank loves computing

BY ALAN CANE

"WHAT WORRIES me most," Mr Kent Price said reflectively, "is the prospect of non-banks like IBM and AT&T taking advantage of the technology to get into the banking business and who will not be subject to the same regulations and controls."

Mr Price, chief of Citibank's London operations, was speaking only hours before the news broke that IBM, the world's largest computer manufacturer had joined forces with Merrill Lynch the U.S. financial services company, in a joint venture company to provide financial information to business customers.

Significantly, Merrill Lynch already offers a cash management account, combining traditional brokerage with banking products and based on the

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ubiquitous plastic card, the symbol of electronic banking.

IBM is also involved in a joint venture to provide videotex services in the U.S. with CBS and Sears Roebuck, another non-banking organisation with the avowed intention of becoming big in financial services.

So Mr Price's worries have a sound foundation; and indeed it has been obvious for a long time that the advent of advanced microcomputing and data communications technology must open up the financial services market to all-comers.

Which is why Citibank, the largest financial group in the U.S., has invested some $500m in advanced electronic technology over the past three years: "That investment is what will give us the edge," Mr Price claims, "Very few can make that equity bet." He went on to emphasise the importance of the bank's world-wide telecommunications network, Cosmos. "Other banks have not pulled it all together in this way yet."

But Citi cannot claim that all those dollars were spent to its best advanatge. As a bank, it has a preoccupation with starting from scratch and building its own machinery rather than buying in from outside.

In the U.S. it built its own very sophisticated automated teller machines which allow its customers to pay bills, move money from one account to another and check their statements in addition to simple cash withdrawal. Other banks have simply bought in machines with the same level of sophistication and greater from companies like Diebold and Olivetti/Docutel.

● During the development of its home banking system it devised and built a very expensive home computer which its customers could use to gain access to their accounts over the telephone lines.

Other banks, notably Chemical, simply used a cheap off-the-shelf home computer from companies like Atari. After some months of trials using its expensive terminal, Citi now offers software which enables the systems to be connected to popular machines like the Atari, Tandy and so on.

Mr Price is unruffled by all this. "We have severe case of 'not invented here' he admits," but we recognised that if we were to work at the leading edge of the technology, then we were going to make expensive mistakes."

"But now we have been through the painful process of establishing a common system —*Cosmos—throughout the company* and every commercial branch is linked through this system. I do not believe any other bank is as advanced as that."

That electronic interconnection applies to Mr Price as well as to his senior managers. His office in Citibank House in the Strand is much like that of any other bank chief executive with one exception.

By the side of his desk is a custom built console into which are fitted the inevitable Reuters electronic information screen—and a Displayphone, a desk top device manufactured by Northern Telecom (but supplied by British Telecom) which is thought to be the world's first commercial combined business telephone and data terminal.

Using the Displayphone, Mr Price can hold ordinary voice conversations while at the same time pull up information on the screen from a variety of computer databases—he can even inspect the state of his account in New York.

The N-I-H syndrome is, perhaps, beginning to weaken a little. Mr Price intends to use the Displayphone as the desk top terminal for a whole range of cash and treasury management services Citibank will release under its "Citibanking" funds management label.

Meanwhile, Mr Price has one of the very few Displayphones in Citibank House. "Kent gets all the new gadgets first" a colleague muttered enviously.

Citi is different from other U.S. banks, even from other U.S. banks, in its aggression and its positive attitude to technology led by its senior management.

Writing in the 1983 annual report, chief executive Walter Wriston noted: "The delivery of financial services requires not only people dedicated to service excellence, but also the willingness and skill to expend large amounts of money on technology. Information about money is almost as important as money itself, and Citicorp's ability to deliver prompt, accurate information electronically to the corporate treasurer's desk, to the consumer's home or to our account officers in 95 countries around the world is a vital part of our business.

Kent Price is in that mould: "I love this technology," he declares "I go nuts about these machines." Indicative, perhaps, is the fact that when Citi first espoused the concept of distributed processing—putting computer power at the elbow of the user, it called the project "Paradise."

Mr Price is happy to take on the IBM's of this world at their own game: "Banking is an information business," he says, pointing out that one difference between, say, an importer and a banker faced with a letter of credit is that the banker knows how to negotiate it. Now the banker knows how to negotiate it electronically. Cititrade, which enables a client to write a letter of credit in his office and transmit it to the bank electronically, has been launched by the bank in Hong Kong.

But if Citi is looking speculatively at what IBM is up, the UK clears are watching Citi with interest. It has agreed to take part in the Clearing House Automated Payments System (CHAPS) it is involved in the building societies ATM plans through Citibank Savings membership of LINK an atm consortium including Abbey National and it has applied to join the Committee of London Clearing Bankers.

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Whether allowed in or not, Mr Price sees the technology Citi can offer as a principal way of securing new customers, corporate and domestic, in the UK.

Citibanking is the approach for corporate customers: "I intend to double the number of our corporate customers on electronic systems this year" and home banking the approach for the domestic market. "I would love to sit at home at the weekend and pay my Diners Club bill using a home banking system. That to me is the 21st Century."

He is already using computer assisted marketing and computer assisted training for customers. Salesmen will carry portable computer terminals to demonstrate Citibanking: "We have to concentrate on the bells and whistles," Mr Price says.

YOUNG UK COMPANY FINDS FAVOUR WITH LARGE U.S. CORPORATION

Memorex funds Future Computers

MEMOREX, the U.S. magnetic media and equipment company, has put its faith in a small British company called Future Computers. It has invested £500,000 in the Croydon-based manufacturer with the option to take 15 per cent of Future's equity.

Mr Bob Jones, co-founder of Future Computers, said that the money will be used to develop computer products for Memorex, which is part of the Burroughs group.

Future Computers, set up by Bob Jones and Brian Jackson, has had success with its FX range of computers. These start with a low cost stand-alone computer with built-in local area network communications costing only £1,875. This can expand into a fully integrated electronic office with many users and applications. It is also IBM compatible.

Mr Jones and Mr Jackson started business selling other people's computers such as the Commodore Pet and TeleVideo machines. Through this experience, both realised the needs of the market and decided to design their own computer.

When the company first started "getting cash was our single biggest preoccupation," said Mr Jackson. Their money problems were eased, however, by the British Technology Group which helped them raise £1.25m.

The equipment is made for Future Computers by Thorn-EMI alongside other computers such as Sinclair's QL. Present output of computers will be up to 1,500 by November though the upper limit could be 3,000 a month. If present demand for the product continues Future Computers' turnover will reach £16m by the end of its financial year. That will represent a 400 per cent increase on the previous year.

About 50 per cent of the company's output is exported and this is expected to rise to about 75 per cent next year. Most exports are to Europe though Mr Jackson said that plans were in hand to ease the company into the U.S.

Memorex, which has made several investments in small high technology companies recently, will make the products developed by Future Computers in the U.S.

One of its biggest successes has been in France where Leonard, part of the Creusot-Loire group and third largest microcomputer manufacturer in the country, has signed a licence with Future Computers to manufacture the FX range.

In the UK Future Computers intends to spend £2m this year on new product development and on its manufacturing line. Additions to the FX range are likely to include terminals, workstations and a file server which shares data storage.

ELAINE WILLIAMS

MATERIALS TREATMENT

Interest rekindled in ion implants

A TECHNIQUE to harden the surface of materials that government engineers developed in the 1960s is gaining a new lease of life.

In ion implantation, streams of nitrogen ions are accelerated at a material at up to 100 KV. They burrow a tiny distance beneath the surface to form a hard layer that resists wear.

Tecvac, a company in Cambridge, has concluded a deal with the UK Atomic Energy Authority, whose laboratories at Harwell developed the technique. Under the agreement, Tecvac will sell machines based on the technology.

In a separate development, Tech-Ni-Plant, a new company in Birmingham, is to offer an ion-implantation service to commercial organisations in the West Midlands. Under this arrangement, companies will bring tools and other metal parts to Tech-Ni-Plant which will harden them with a blast of ions.

Commercial exploitation of Harwell's technology has not quite gone to plan.

The UKAEA initially licensed its technique to Hawker Siddeley of Welwyn Garden City. The company thought that the business of ion implantation would fit in with its existing activities in electron-beam welding. In both operations, beams of particles are directed at high energies through a vacuum.

But Hawker Siddeley never made a success in this area. In four years, it only sold three ion-implantation machines.

At the end of last year, the company decided to pull out, transferring the licence to Tecvac. Mr Malcolm Boston, managing director of Tecvac, says that in the first year he hopes to sell two or three machines at about £130,000 each.

In a few years, annual sales should rise to six to 12 machines, says Mr Boston. "This technique is still in its infancy. We see very considerable expansion in the future."

Tecvac also sells other hardware in which materials are coated onto the surfaces of metals or plastics by vapour deposition. In this way, for example, substances such as titanium nitride provide a layer which lends strength to a metal plate.

In the second development, Ms Shirley Hamilton and Mr Gary Cooper have set up Tech-Ni-Plant on Aston University's Science Park. The pair have bought one of Hawker Siddeley's original machines. With it, Tech-Ni-Plant hopes to earn £60,000 in the first year in fees for treating pieces of metal from customers.

Initially the company will concentrate on treating tools used for moulding in the plastics industry. The machine blasts massively large numbers (3 x 10 17) of ions per sq centimetre at metals such as steel. The ions form a tough layer just 1-2 micrometres beneath the surface. Ms Hamilton says that with the treatment the life of moulds can be improved by a factor of between two and ten.

The two other machines made by Hawker Siddeley were bought by Verdict, a small company in London, and Lucas, the motor components group. The former runs a service for companies along the lines of what Tech-Ni-Plant will offer. Lucas operates the hardware for its own use at its Solihull research centre, which is where both Ms Hamilton and Mr Cooper used to work.

Dr Geoff Dearnaley, a Harwell engineer working on ion implantation, said he was "very happy" about the transfer of the licence to Tecvac.

In yet another twist to the saga, another company — this time American — has applied to Harwell for permission to sell machines based on the ion implant method. Zymet of Boston went as far as to buy one of the Hawker Siddeley machines to find out how it works. It then sold back this machine to the UK — this is the hardware that Tech-Ni-Plant will use.

Dr Dearnaley says that Harwell has an exclusive licence with Tecvac so no deal with Zymet is possible. If the U.S. company tries to sell hardware based on the British design without first gaining the agreement of Tecvac, it could risk infringing Harwell's patents.

This is not the first time that Harwell has found itself in negotiation with an American company over ion-implant technology. In another application of this technique, ions are directed at semiconductors to introduce "dopants" and change the electrical properties of the material.

PETER MARSH

Printing

Ribbons re-used

ACCORDING TO Graphic Systems of Cambridge, single pass printer ribbons of the type used in daisy wheel, thimble wheel, golf ball and similar computer printers, could be used up to four times without loss of print quality.

So the company is offering, for £85, a simple double spool rewinding unit, or will rewind customers' ribbons for half the price originally paid for them. It will even rewind the first two ribbons free.

According to John Davidson, the company's managing director, use of the unit could reduce a £5,000 per annum ribbon budget to £1,250 if all the ribbons were rewound four times. He also claims that if only draughting quality can be accepted, it is possible to rewind up to 10 times. More on 0954 81074.

Cameras

Copy from videos

AMBITRON has launched a compact colour camera for computer - generated, computer-enhanced or direct video images. The microprocessor-controlled camera produces hard copy in a number of formats, including an 8 x 10 inch, as standard. More details from the company on 0635 32055.

Crossed links

In the Electronics in Europe Survey published on Wednesday it was wrongly stated that Olivetti and BASF have manufacturing links with Fujitsu. In fact both companies have been supplied with computers from Hitachi for several years.

Mondale and Hart in bitter wrangle

By Reginald Dale, U.S. Editor in Washington

PUBLIC WRANGLING between the two leading contestants for this year's Democratic presidential nomination has reached its most acrimonious level yet as former Vice-President Walter Mondale and Senator Gary Hart of Colorado battle for voter support in Tuesday's crucial New York primary.

In a nationally televised debate on Wednesday night, the two men repeatedly clashed angrily on foreign issues ranging from arms control and the Middle East to U.S. military intervention world-wide and domestic policies.

On several occasions, a rather more statesmanlike Mr Jesse Jackson, the third remaining candidate, stepped between his two squabbling rivals in an attempt to preserve the peace and restore a sense of proportion. The cool Mr Jackson, in one of his best performances so far, described the "rat-a-tat-tat" as a "kinship dispute," which essentially showed how close the two men's policies were to each other.

A sometimes plaintive-sounding Mr Mondale, harping on his past achievements, took the initiative in provoking a scrap in which both men attacked each other's personal records and campaign advertisements. The most intense moment came when Mr Hart renewed his claim that he had a "fundamental difference" with Mr Mondale on the commitment of U.S. forces to Central America and the Gulf.

"Why do you run those ads that suggest I'm out trying to kill kids when you know better?" Mr Mondale butted in and challenged Mr Hart to withdraw the advertisements.

Mr Hart retorted: "Why have you questioned my commitment to arms control and civil rights, when you know that I have just as much commitment to both of those as you do?"

His advertisements, Mr Hart said, simply illustrated the point that "this country cannot deploy young Americans in every trouble spot in the Third World and expect to solve that problem." Mr Mondale angrily denied that he had ever made such a proposal, while Mr Hart insisted that he had

Bernard Simon in Toronto reports on a worrying slide in the Canadian dollar exchange rate

U.S. interest rate rise theatens Canadian recovery

CANADA'S economic policy-makers are over a barrel. At a time when they would like the business upturn to gather momentum for both economic and political reasons, they have had little choice but to put the recovery in jeopardy by pushing interest rates up to their highest levels since early 1983 to steady the exchange rate.

Activity in the Canadian dollar market has picked up significantly in recent weeks as companies try to protect themselves from the sudden volatility of a currency that in the past has been stable against the U.S. dollar. The Canadian dollar, which few economists expected to decline below 80 U.S. cents during 1984, slipped close to 78 cents this week. Mr Barry Davenport, senior foreign exchange manager at the Bank of Montreal, observes that the Canadian dollar market "has changed its tone."

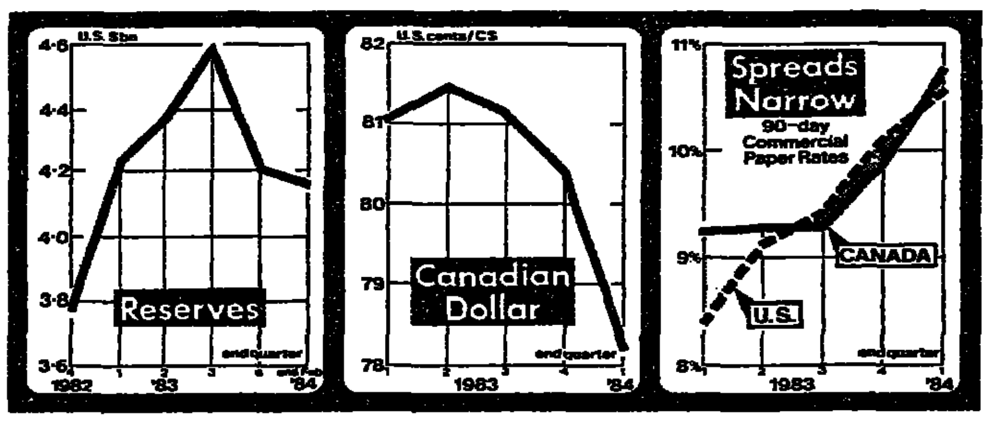
The Canadian currency has become a casualty of rising U.S. interest rates which have crept closer to, and in some cases even overtaken, equivalent rates north of the border. The Canadian dollar would have fallen even further had the Bank of Canada not initiated a rise in domestic interest rates, which culminated in commercial banks raising their prime lending rate last week from 11 per cent to 11.5 per cent.

In some respects, the Canadian economy is in good shape. Although this year's budget deficit is expected to reach more than 7 per cent of gross national product, the trade surplus is at record levels and consumer spending — especially on housing and motor vehicles — is strong. Most economists have forecast an acceleration in the growth rate from 3 per cent last year to 4 per cent more in 1984, with an inflation rate perhaps slightly lower than the 5.9 per cent achieved in 1983.

But the recent spurt in U.S. interest rates has clouded the outlook. By encouraging corporate treasures and speculators to shift funds into U.S. currency. Higher U.S. rates have forced the Canadians to switch their priorities from keeping the recovery on track to shoring up the current account of the balance of payments and avoiding a resurgence of inflationary pressures.

The Bank of Canada used about C$100m (£54m) of the official reserves to hold up the Canadian dollar during February, and its intervention has almost certainly been stepped up this month.

The authorities are in fact reluctant to acquiesce in a free fall of the Canadian dollar, because of the impact of dearer imports on the inflation rate. Canadian economists estimate that consumer prices edge up by 0.3 percentage points for each one cent fall in the Canadian dollar.



Mr Paul Kovacs, economist at the Canadian Manufacturers Association, says that central bank officials have indicated that "their focus is strictly on inflation" and that containing price rises is a higher priority for the present than a strong currency or low interest rates. Mr Gerald Bouey, Governor of the Bank of Canada, said last week: "I don't want a serious devaluation of the Canadian dollar. That is a sure way to inflation."

Official policy has thus been a compromise between intervening in the foreign exchange markets, allowing a moderate decline in the Canadian dollar and some increase in domestic interest rates. Most experts expect that mix to continue, but they agree that the worst is probably over, based on the crucial assumption that U.S. interest rates will flatten out towards the middle of the year. Mr Davenport forecasts that the Canadian dollar will bottom out just below 78 U.S. cents within the next month or two, and could be close to 80 U.S. cents again by the end of the year. Likewise, the banks' prime lending rate is not expected to move above 12 per cent or so.

One factor likely to restrain interest rate policy is the prospect of federal elections in the late summer or autumn. Despite the surge in consumer spending and the upturn in many industrial sectors, the Canadian recovery is still more fragile than that South of the border.

Investment spending remains weak and business confidence is still at a low ebb. Mr Roger Keane, chief economist at the investment dealer Midland Doherty, argues that "it wouldn't take an increase of too many percentage points in interest rates to induce a recession." It is possible therefore, that no matter what Mr Bouey says now, pressure on the exchange rate will be heavy in the months ahead.

Data Resources of Canada, an economic research consultancy, estimates that if U.S. interest rates climb another percentage point, the Canadian dollar will drop to around 76 U.S. cents. For political reasons, domestic interest rates are unlikely to rise as fast although, as one economist points out, "as long as (the authorities) have U.S. interest rates to point to as the cause of all this, it's not so bad."

The decline in the Canadian dollar and rise in finance charges have so far not prompted a downward revision of economic forecasts for 1984 and beyond. Data resources is sticking to its estimate of 5.1 per cent expansion this year — one of the most optimistic forecasts published lately. Its optimism is based on the continuing strength of consumer spending, rising exports and buoyant government spending.

The Government is also putting on a brave face amid growing criticism from opposition parties of the rise in interest rates and lower external purchasing power of the Canadian dollar. Mr Lalonde, apparently ignoring the delayed impact of higher interest rates, said this week that high growth and job creation could be maintained while interest rates edge up.

The question is, however, whether he can also succeed in holding up the exchange rate and curbing inflation.

Wall Street reporter dismissed over leaks

By Terry Dodsworth in New York

A REPORTER on the Wall Street Journal's influential Heard on the Street stock market report column has been dismissed following charges that he systematically leaked price sensitive information to one or more investors.

In a lengthy statement yesterday, the newspaper said the journalist concerned, 53-year-old Mr Foster Winans, had indicated to the Securities and Exchange Commission that over the last year he periodically leaked market sensitive information in advance of publication.

The SEC, the regulatory body for the U.S. capital markets, is investigating 21 columns to determine the extent to which illegal profits may have been made from leaked information.

The SEC refused to comment further on the report yesterday. But the inquiry is widely seen as part of the agency's current campaign to hit hard against insider trading. Mr John Shad, SEC chairman, said when he was appointed in 1981 that he would come down on the practice with "hobnailed boots," and the amount of actions brought since then has gone up by 37 per cent.

Mr Norman Pearlstine, managing editor of the Wall Street Journal, said that any leakage of price sensitive information was in "direct violation" of the newspaper's written conflict-of-interest policy.

Under this policy employees are prohibited from trading in stock of companies that are about to be or were just written about in the newspapers. In addition, the Journal takes extensive precautions to ensure complete security over the content of the Heard on the Street column by printing it as late as possible, and even killing items if they are thought to have leake

Chile guerrilla slain

A left-wing guerrilla was killed and a policeman wounded yesterday during a shootout in a working-class district of Santiago, AP reports. It brought to six the number killed in political violence in Chile this week. Two demonstrators and three bystanders were fatally wounded Tuesday during a "day of national protest."

Peru minister resigns after jail mutiny

PERUVIAN JUSTICE Minister Sr Ernesto Alayza has resigned after a violent jail mutiny on Tuesday in which 20 people died and 35 were injured, writes Reuter from Lima.

Sr Alayza said that he had quit because he felt President Fernando Belaunde Terry "could not find it necessary to have a justice minister against whom the people were so rebellious"

However it was not immediately clear if Sr Alayza's resignation had been accepted. Earlier he said that he believed the mutiny was caused by an outdated prisons system.

Most of the 18 inmates killed had not taken part in the revolt but died when police stormed the prison to free 15 hostages held during the 14-hour mutiny, officials said

Brazil confident it is pulling out of recession

BY ANDREW WHITLEY IN RIO DE JANEIRO

SR AFFONSO CELSO PASTORE, Brazil's central bank Governor, is becoming increasingly confident that the country's battered domestic economy is starting to come out of its deep, three year long recession.

Sr Pastore, speaking in Punta del Este, Uruguay, at the Inter-American Development Bank meeting earlier this week, told the Financial Times: "We're coming out of the liquidity problem. The system works. Now we have to tackle the structural problems."

This upbeat outlook is even more pronounced over the external sector. Here the official view is that Brazil has successfully overcome the worst of its debt crisis and is about to enter a new phase.

Judging by the results of the first quarter, Brazil is confident that its trade surplus target for 1984, revised slightly upwards to $9.1bn (£6.2bn) is secure. But efforts are being directed at raising the overall levels of both imports and exports.

The only fly in the ointment —and it is a large fly—is the refusal of the monthly inflation index to come down in response to the battery of measures put in place in recent months.

The preliminary indications for March are that prices rose by about 11 per cent, keeping the 12-month inflation figure at over 230 per cent. But moves were under way yesterday within the Government to "adjust" downwards the month's figure, to limit the knock-on effect in the rest of the indexed Brazilian economy.

Venezuela banks confused by currency moves

By Kim Fuad in Caracas

MOVES BY the Venezuelan central bank to support the bolivar this week have caused confusion among both businessmen and bankers. Yesterday a number of banks halted foreign exchange operations pending clarification of the central bank's position on the local currency.

The confusion has been caused by the raising of the free market bolivar-dollar rate by 10 per cent to 14.50 per dollar. The Central Bank explained that it had not abandoned its objective of eventually bringing down the free market rate in line with the official rate of bolivars 7.50, but was acting to counter a surge in demand for dollars.

The new exchange rate was complimented by the establishment of special reserves on bolivar depos

Fourth foreign ship hit by mine in Nicaragua

BY TIM COONE IN MANAGUA

A FOURTH foreign ship has been hit by a mine in Nicaraguan waters. The 15,000 tonne Liberian registered "Inderchaser" carrying a cargo of molasses was damaged by what is believed to have been an accoustically detonated mine as it was leaving the main port of Corinto on Wednesday. After a short delay it continued on its way to Panama. U.S.-backed guerrillas started planting mines in Nicaraguan ports at the beginning of March.

On Tuesday night two high speed "Pirana" guerrilla launches attempted a raid on Corinto port, but were intercepted by a coastguard vessel. Three Nicaraguan sailors were injured in the confrontation.

Meanwhile a Nicaraguan military delegation headed by Commander Humberto Ortega, the Defence Minister, left on Thursday for a visit to the Soviet Union and North Korea. He was accompanied by the heads of the Nicaraguan navy and armoured corps. Nicaragua recently announced it is to purchase minesweepers and has made a number of appeals for new military equipment to defend itself against the escalating attacks against the country.

Another Nicaraguan military leader Commander Manuel Salvatierra said on Wednesday that 135 guerrillas had been killed in fighting in the northern departments of Jinotega and Nuevo Segovia in the past week. He said that the U.S.-backed guerrillas were preparing another major offensive "in the coming days" from their bases in Honduras.

WORLD TRADE NEWS

Kobe Steel signs Y12bn order for Egypt iron plant

BY IAN RODGER IN LONDON

KOBE STEEL has signed a Y12bn (£38m) contract to manufacture a direct-reduction iron plant for the El-Dikheila steel complex of Alexandria National Iron and Steel in Egypt.

The plant will have capacity to make 716,000 tonnes of sponge-iron a year using the Midrex natural gas process, and is to be built by mid-1987.

Lurgi of West Germany, which has the exclusive rights to market tthe Midrex process in Egypt, is providing extended basic engineering to Kobe.

The project is being financed by Japanese sources.

Mr Fred Stieler, head of Lurgi's direct reduction process division, said that by far the largest portion of the contract would be filled in Japan. He did not expect there would be much opportunity for European equipment suppliers to participate.

He pointed out, however, that the contract did not include the erection of the plant. Alexandria would hire a group or groups to undertake that at a later date.

Mr Stieler also confirmed that there was no conflict in this case over the use of the Midrex technology.

Last month, Korf Engineering of West Germany, now a subsidiary of Voest Alpine of Austria, contested Kobe's right to undertake a $182m contract in Iran to supply five Midrex direct reduction plants.

Kobe acquired the Midrex Corporation of the U.S. last year for more than $20m, including the Midrex direct-reduction technology. This is a technology for producing iron that bypasses the conventional blast furnace process.

Korf claims the sole right to sell Midrex plants in Iran and says it had an assurance from Midrex last year that this right had not been impaired by the breakup of the Korf steel empire.

Lucas sells £1m brakes licence to Skoda

By David Buchan

BRITISH efforts to win more of the orders which Czechoslovakia is placing with Western companies to upgrade its vehicle industry has borne initial fruit, with Lucas selling a £1m licence to Skoda for the manufacture of Girling brakes.

This was announced at this week's meeting in London of the Czechoslovak and London Chambers of Commerce.

Britain's trade deficit with Czechoslovakia widened last year to £31m, and the automotive sector in which UK exports were £2.1m, against Czech exports of £12.2m in 1983, has been identified by both sides as one area where the gap could be narrowed.

Czechoslovakia is planning to spend more than £70m to modernise its vehicle industry. It signed a co-operation deal with Renault last year and is canvassing Western suppliers for equipment to produce a new Skoda front-wheel car.

Mr Ludvik Thal, deputy director of the Motokov foreign trade organisation and until recently the director of Skoda (UK), said this week that Czech requirements included upgrading Skoda engines with more fuel efficiency, asbestos-free friction materials for brakes and clutches, and electronic instruments.

However, much of the heavy production equipment orders for industrial robots and transfer lines look like going to West Germany.

Kenneth Gooding reports on Austin Rover's bid to secure a harder line in the EEC

Why Spain's car import curbs annoy rivals

diary, is pressing the UK Government to take an aggressive stance over car trade with Spain when negotiations on the subject between Spain and the EEC begin shortly.

The main bone of contention remains that cars imported to Spain attract duty of 36.7 per cent while Spanish cars can enter the Common Market by paying only 4.4 per cent. The addition of Spain's discriminatory internal taxes raises the penalty on imported cars to 54 per cent.

Pressure from the British Government was mainly responsible for the Spanish agreeing to a quota of 15,000 cars from EEC countries which could be imported at reduced rates of duty in the year from July 1, 1983.

Austin Rover benefited from this to the extent of being able to import 1,997 cars into Spain during the year at reduced levels of duty.

However, there remained a major imbalance in car trade between the two countries last year. AR, the sole UK exporter of cars to Spain, pushed its registrations there up from 1,153 in 1982 to about 2,300 last year. UK imports of Spanish cars eased back only slightly, from 52,187 (or 3.36 per cent of the total market) to 48,765 (2.7 per cent).

Ford has switched much of the sourcing of its Fiesta cars for Britain away from Spain either to Dagenham in the UK or to Cologne in West Germany, and last year its Spanish car imports dropped from 52,187 to 23,770.

However, General Motors, the Vauxhall-Opel group brought its new Spanish plant on stream two years ago and it is the sole supplier of the Vauxhall Nova to Britain. Last year, 24,995 Novas were registered.

GM expects to export about 200,000 Spanish cars a year to EEC countries—where they are mainly sold as the Opel Corsa —and this might well encourage other Common Market Governments to support the UK stance more emphatically.

The other new element which has been added this year is the emergence of the State-owned group Seat as an exporter in its own right. Until recently, the company was firmly linked with Fiat of Italy and Seat cars were sold through Fiat's dealer network.

Seat is setting up its own dealer network and aims for a 1.5 per cent share of the West European car market by 1986. The company is to appoint an importer for the UK in April and hopes to sell about 30,000 cars a year in Britain, starting next year.

Austin Rover is particularly concerned about the problems of keeping a decent dealer network alive in Spain until that country joins the EEC and the duty barriers are gradually removed.

Spain has also promised to substitute VAT for its own internal taxes and that should reduce the penalty on imported cars by about 10 percentage points.

Austin Rover has 27 main dealers and 15 sub-dealers in Spain and has kept a headquarters in Madrid in expectation of Spain's accession to the European Community.

The UK group complains that the quotas agreed for the current year—5,000 cars in the 1,300 to 1.600 cc range at a reduced duty of 19 per cent and 10,000 in the 1,990 to 2,600 cc range at a duty of 25 per cent —will not appreciably change its financial position in Spain for the better.

Austin Rover is therefore pressing for further duty and quota relaxations for future years.

Indications are that the UK Government will reflect that attitude when the EEC prepares to talk to the Spanish about quotas for the year beginning in July.

The British trade unions continue to be concerned about the build-up of Spanish car imports before Spain is opened up to UK cars.

Oil price expected to stay firm

BY RICHARD JOHNS

THE Organisation of Petroleum Exporting Countries' crude oil output will average 18.5m barrels a day in 1984 and run at a rate of no less than 17m b/d in the critical second quarter, according to stockbrokers Grievson Grant.

The London firm believes fears of a collapse of spot prices are "misplaced" and they should show strength from midsummer whether or not Opec reaches agreement on higher quotas at its July conference.

Its latest forecast, a very "bullish" one from the point of view of producers and the industry, is based partly on the uncertainties created by the Gulf war and the low level of stocks.

It is the closest yet to the optimistic predictions made by Sheikh Ahmed Zaki Yamani, the Saudi Minister of Oil, and Sheikh Ali Khalifa al Sabah, his Kuwaiti counterpart.

Sheikh Yamani recently forecast a rise this year of 1.5m b/d in demand for Opec oil, which would give an annual average of 19m b/d, and a rate of 20m b/d in the last quarter of the year.

In its most recent assessment, the International Energy Agency foresaw Opec output in 1984 at a maximum of 17.9m b/d depending on the level of stock drawdown.

Inventories are at their lowest level for four years, Grievson Grant point out. Meanwhile, the firm estimates that non-Communist world demand rose by 4.9 per cent in the first quarter and will increase by 3.6 per cent from 44.5m b/d to 46.1m b/d, over the full year.

Eximbank backs $184m mining loan to Turkey

WASHINGTON — The U.S. Export-Import Bank has authorised a guarantee covering a $184.3m (£131m) private credit to the Government of Turkey for the purchase of coal-mining equipment from U.S. suppliers.

The Eximbank said American Express International Banking Corporation will provide the loan to cover 85 per cent of the estimated cost of draglines, excavators, bulldozers, dump trucks and other equipment to be used by Turkive Komur Isetmeleri (TKI), a Government-owned coal mining enterprise, at four lignite mining sites in Turkey.

The lignite fuel will be used at Turkish electric power plants located at or under construction near the mining sites.

Mr William Draper, Eximbank president, said Westinghouse Electric Corporation may become a supplier of equipment for the power plants. But bank officials said later that no specific requests are pending for loans or guarantees.

According to the Eximbank, U.S. suppliers of equipment and services for the mining projects will include Bucyrus-Erie and P. and H. Harnischfeger, both of Milwaukee, Wisconsin; Page Engineering of Chicago; Ingersoll Rand of Garland, Texas; American Hoist of St Paul, Minnesota; Little Giant of Des Moines, Iowa; Caterpillar Tractor, Peoria, Illinois, and Mining Progress of Chicago.

Two other companies, WABCO of Peoria, and GEAG of Suffolk County, New York, are also expected to be involved in the projects.

The Eximbank, which did not disclose the terms of the American Express credit to Turkey, cleared the loan guarantee after it was reviewed by the House and Senate Banking Committees of the U.S. Congress.

While the Turkish Government rescheduled indebtedness to the Eximbank between 1978 and mid-1983 because of its economic problems, the U.S. export credit agency said Turkey has been "essentially current on all Eximbank loans and guarantees since then."

The Congressional committees also were advised that Turkey could have obtained the mining equipment and heavy vehicles from suppliers in other industrial countries, including Japan.

The Eximbank noted that Japanese manufacturers of such equipment have been "aggressively seizing" what were once exclusive overseas markets for U.S. producers of mining equipment.

AP-DJ

Western nations press for changes to Unctad

GENEVA – A group of western industrial nations gave notice this week that they would press for an overhaul of the UN Conference on Trade and Development (Unctad).

During a meeting of the UN agency's governing board in Geneva, a strongly worded paper outlining Western countries' dissatisfaction with Unctad was presented to leaders of the developing countries' UN voting bloc.

The paper was drafted by the U.S., and diplomats said it received general backing from other countries in the Organisation for Economic Co-operation and Development (OECD) at a meeting last week of the OECD's North-South group in Paris.

The paper said "serious negative trends" in the North-South economic dialogue were evident in Unctad's activities. It said efforts to alter these trends should be made within the UN agency.

Citing parallels with the UN Educational, Scientific and Cultural Organisation (Unesco), which the U.S. has said it plans to quit, the paper said politics, budget problems and ideological theories were being brought into the North-South dialogue largely through Unctad.

The contents of the paper were initially voiced by a U.S. official at a meeting in January of the OECD North-South group, a high-level committee at which all 24 OECD member countries are represented. Diplomats said the group was scheduled to meet again in Paris in June.

Representatives of the industrial countries are expected to hold private talks between sessions of the Unctad board meeting in Geneva to discuss in more detail the agency's problems and proposals for resolving them.

In recent years, Unctad has caused increasing frustration among many developing countries and some have become more open in expressing dissatisfaction

AP-DJ

EEC, China in textiles accord

China yesterday agreed to new quotas on its textile exports to the EEC following five rounds of negotiations, AP-DJ reports from Peking.

A protocol, requiring community approval, was initialled by M Jean-Pierre Leng, the chief EEC negotiator, and Li Dengshan, head of the Chinese delegation. The agreement renews a five-year pact that expired at the end of 1983.

AP-DJ

Libya disputes Turkish claim

BY DAVID BARCHARD IN ANKARA

MR BUZED DURDA, the Libyan Agriculture Minister, has accused Turkish contractors of "exaggerating" their payments was made at a meeting of condifficulties in Libya.

The accusation, which came during a visit when Mr Durda and the Turkish Government have been trying to thrash out ways of paying a $700m (£500m) backlog in Libyan payments to Turkish contractors, tractors in Ankara.

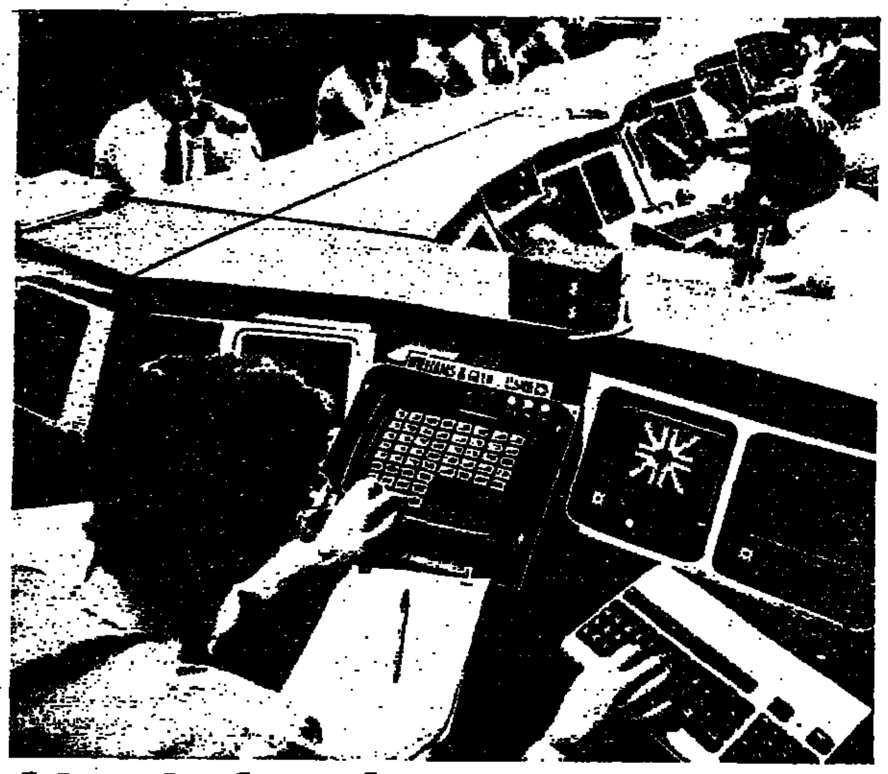
Turkey has just concluded an agreement with Libya under which the Government will pay cash owing to Turkish contractors in exchange for 1.5m tonnes of crude.

Turkish officials say this will not go far towards paying Libyan debts which could be well over the $1bn mark when payments for machinery and wages are taken into account.

Mr Durda threatened possible reprisals by Libya if Turkish contractors continued to air their grievances in the press.

In general, however, the Turkish Government seems pleased by the outcome of the visit. A second agreement to divert payment for purchases of 1m tonnes of Libyan crude by Turkey to pay contractors' debts is expected to be agreed when the Prime Minister, Mr Turgut Ozal, visits Libya in May.

Pressing on



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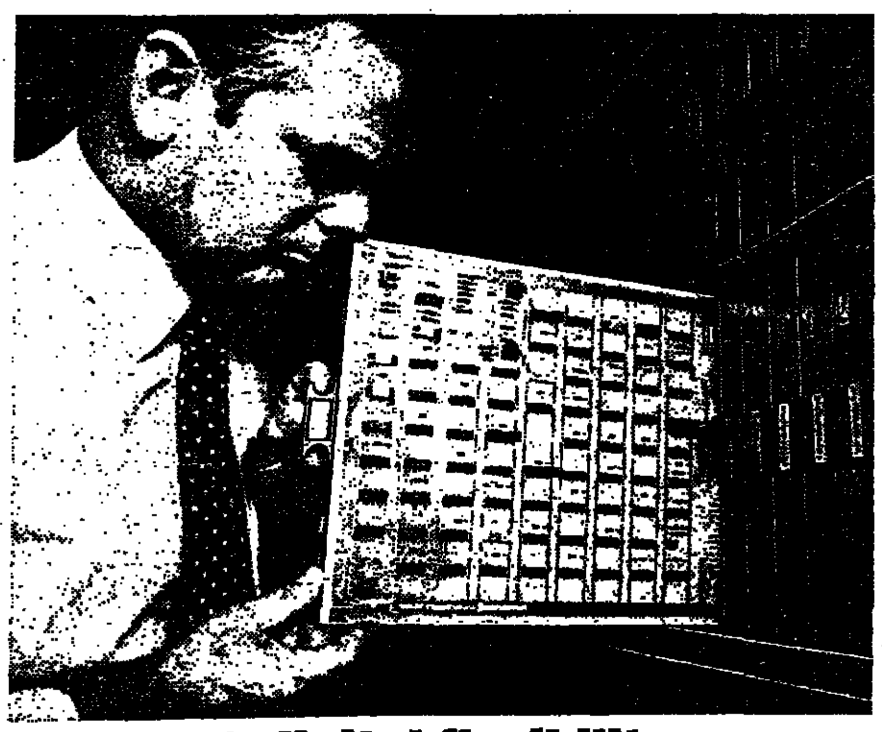

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British Telecom has now launched SatStream North America – the world's first satellite-based, all-digital transmission service across the Atlantic.

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UK NEWS

Energy Department picks key areas for technology exports

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE DEPARTMENT of Energy has singled out the offshore oil developments in China, India and Canada as prime targets for exporting British technology.

Mr John d'Ancona, director of the department's Offshore Supplies Office, which monitors oil and gas activity, told a conference in Glasgow organised by the Confederation of British Industry (CBI) that British companies supplying goods and services offshore must start to develop their exports.

"We either export or fade gracefully away in 20 years' time," he said.

The Chinese have taken a bold step in relying on the international oil industry, rather than their indigenous offshore facilities to develop oil and gas fields.

"They are roughly at the stage we were 20 years ago, at the discovery phase," Mr d'Ancona said.

Britain had a similar balance to that of the Chinese in matching government promotion with international private sector competition and this gave the UK an advantage in offering advice and service.

British oil companies had spending plans worth over $320m during the next three years in China.

India's offshore market was more mature with offshore expenditure of about $500m each year. While gas would be developed off the west coast, the oil to be recovered from deeper waters off the east coast offered UK companies some strong possibilities.

In Canada, federal and provincial disputes over oil development tended to make it a protected market. But offshore development offered many attractive technical features, Mr d'Antona said.

Mr Alick Buchanan-Smith, Minister of State for Energy, urged companies to make a greater commitment to winning offshore orders.

Several industrialists attending the conference queried the government's figure of over 70 per cent UK content in offshore development in the UK area, because of the high number of British subsidiaries of U.S. and other foreign companies included in the figure.

Jobless total rises despite recovery signs

BY PHILIP STEPHENS

THE UNDERLYING rate of unemployment in Britain rose in March for the fourth consecutive month, setting back hopes that economic recovery had reversed the rising jobless trend.

The Department of Employment said yesterday that the seasonally adjusted unemployment total increased by 10,900 in March to reach 3.018m, its highest level for nearly a year.

The "headline" or unadjusted figure, which includes school-leavers, fell by 44,000 to 3.143m, but that was below the normal seasonal drop at this time of year.

In Whitehall, officials took comfort from the fact that the increase in the adjusted total was well below the rises of 30,000 in each of the previous two months, but did not conceal their disappointment at unemployment still rising.

With the economy buoyant, industrial output and exports performing well, and demand for labour apparently increasing, the officials confessed they were baffled by the stubborn upward trend.

The rise in the last few months follow a period last autumn when the rate had apparently levelled off, though it now seems that celebrations then of a decisive reversal were premature.

There are no obvious reasons why unemployment should be rising during a period of sustained 3 per cent economic growth, but a number of possible explanations are being canvassed.

A sharp rise in productivity may mean that increased output is coming from more efficiency than from extra jobs, while there is also a suggestion that many of the new jobs in the services sector are going to women who have not registered as unemployed.

Officials estimate that around 15,000 extra people are coming on to the labour market each month, but figures for employment suggest that new jobs should be mopping up these additional workers.

Mr Tom King, the Employment Minister, said yesterday that he was encouraged by the fact that the number of vacancies notified to Jobcentres last month appeared to have stabilised after four months of decline.

On a seasonally adjusted basis vacancies crept up by 100 to 148,800.

Mr Len Murray, the TUC General Secretary, however, called the figures "depressing," adding that no real improvement could be expected until the Government took action to generate demand.

On the basis of the adjusted total, 12.6 per cent of the population was out of work in March unchanged from February.

Bank of England's view of the economy, Page 12. Lex, Page 18

Upward move in living standards

By Max Wilkinson, Economics Correspondent

PERSONAL LIVING standards were 1¼ per cent higher last year than in 1982, while company profits increased by a quarter, according to official figures released yesterday.

The figures, from the Central Statistical Office, showed that real personal disposable income was 3 per cent higher in the fourth quarter of last year than a year earlier.

A sharp increase in the fourth quarter reflected higher than usual dividends and interest received by the personal sector. In the earlier part of the year, living standards showed only a slight rise on last year, so the increase for the year as a whole was only 1¼ per cent.

The figures show that total wages and salaries last year were 7 per cent higher than in 1984. This reflected an 8¼ per cent rise in average earnings, offset by a fall of about 1¼ per cent in the average level of employment.

Separate figures, also issued by the CSO, show that company profits have continued to improve strongly. The gross trading profit of all industrial and commercial companies rose by 25 per cent between 1982 and 1983.

This rise is calculated after allowing for the effect of stock appreciation, and compares with a rise of 15 per cent the previous year.

The figures show that dividends paid on ordinary shares were 10 per cent higher last year

Finance Bill states planned tax changes for foreign earnings

BY JOHN UNDERHILL

THE FINANCE BILL, published yesterday, details the proposed changes announced in the budget on March 13 for the withdrawal of income tax relief on overseas earnings and for foreign employments in the UK.

The Inland Revenue also yesterday issued a consultative paper on the reimbursement of expenses in respect of overseas travel.

The proposed changes fall into two categories: those relating to overseas earnings or profits for work done abroad by UK residents, and those changing the tax regime for foreign (strictly, non-domiciled) residents working in the UK for an overseas company.

The benefits of an overseas trip for the typical UK executive are to be reduced by restricting the deduction from taxable income in respect of travel overseas for at least 30 days in a tax year. The deduction will be 12½ per cent of the attributable earnings for 1984-85 and will be abolished from April 6, 1985, compared with the present deduction of 25 per cent.

Similarly, the relief of 25 per cent applicable to earnings from an employment where duties are all carried out abroad, such as a directorship of an overseas subsidiary, is to be reduced to 12½ per cent for 1984-85 and withdrawn from April 6, 1985.

To benefit from overseas travel, it will now be necessary to work abroad for at least 365 days. In such a case, the exemption of all the earnings remains.

Alternatively, it will be necessary to qualify under the usual rules as a non-resident and carry out the duties abroad. This means that the executive will need to take an overseas employment which is likely to last for at least two years and work abroad for that time. Visits to the UK may be made, but should not exceed an average of 90 days in each tax year.

The tax relief for those carrying on their trade or profession wholly or partly overseas while remaining a UK resident has also been withdrawn. Such earnings were eligible for a deduction of 25 per cent. But from 1984-85, only 12½ per cent may be deducted and from April 6, 1985 no deduction will be given.

Detailed rules are introduced to deal with the use of losses incurred in such trades, capital allowances and the remaining period for which stock relief may be claimed.

The provisions which are most controversial and which may result in some lobbying in Parliament are those dealing with foreign employments. Apart from some transitional relief, anyone arriving in the UK after March 13 1984 will not receive the 50 per cent relief previously enjoyed. Those presently entitled to the relief will see it reduce to 25 per cent for 1984-88 and to nil from 1989-90.

Anyone who has been resident in the UK, although not domiciled, for nine out of the 10 preceding years to 1984-85 will lose his relief from April 6, 1984.

The benefit of a "golden handshake" for those leaving a foreign employment is also reduced. The 50 per cent exclusion for such amounts is withdrawn immediately.

Nissan plant likely to be in North-east

BY PETER RIDDELL, POLITICAL EDITOR

NISSAN, the Japanese vehicles group, appears to have opted for Sunderland airport in Washington New Town, North-east England, from a shortlist of three as the site for its £50m car assembly plant.

That choice was the expectation at Westminster last night among ministers and MPs from the affected areas. A statement from Nissan about the site is imminent, probably later today.

After the announcement at the beginning of February that it was going ahead with a British plant, Nissan drew up a shortlist of eight possible sites, later reduced to three. They were Immingham, on Humberside, and Shotton, in North Wales, as well as Sunderland.

There has been intensive lobbying by regional groups and MPs on behalf of these sites, but there has been growing evidence in the last couple of days that the decision has been moving in favour of Sunderland.

The main advantage of the Sunderland site is apparently that the 800-acre former airport is already in the most suitable condition for the rapid development of the assembly plant, while the transport connections are excellent.

Nissan plans a pilot project to assemble 24,000 cars a year in 1986 from kits shipped from Japan. If this proves successful, Nissan will spend £300m to enlarge capacity to 100,000 cars a year.

The assembly plant will provide between 400 and 500 direct jobs, rising to 2,700 in the second phase of expansion.

Transport unions may block coal movements

BY JOHN LLOYD, INDUSTRIAL EDITOR

TRANSPORT union leaders last night decided to recommend a complete blockade on all movement of coal in Britain in a significant widening of the miners' strike over pit closures.

The decision by leaders of six transport unions, if ratified by their executive committees over the next week as expected, is likely to impede seriously the distribution of coal to power stations and other key users. It will also place the unions concerned under the threat of legal action from employers for secondary industrial action.

Mr Arthur Scargill, president of the National Union of Mineworkers (NUM), met leaders of the transport unions yesterday to see what further support they could give to the NUM's strikes. the unions will set up a central co-ordinating committee, based in London, to organise sympathetic action.

Mr Moss Evans, general secretary of the Transport and General Workers' Union (TGWU), the largest union, agreed that the decision was taking the dispute to a new level, but said it was essentially reaffirming the support unions had already expressed for the miners.

Mr Jim Slater, general secretary of the National Union of Seamen, said that the unions had to take such action to preserve their own jobs.

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As from today, we're also the British airline that flies the new Airbus A310.

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The A310 is the most advanced wide-bodied jet of its kind in the world.

Its unique video-display flight deck was designed with the help of more than 50 pilots from 15 airlines.

It's a passenger's dream, too.

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British Caledonian
(As if you didn't know)

UK NEWS

BANK OF ENGLAND QUARTERLY BULLETIN

World recovery 'set to continue'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE WORLD economy is set to continue its recent improvement, the Bank of England said yesterday, but Europe should not rely too much on the U.S. to pull it out of recession.

In its Quarterly Bulletin for March, the Bank says: "The fast pace of recovery in North America cannot be relied upon to spread immediately or fully across the industrial world.

"Despite the rise of international trade in the post-war era, direct links between North America and Europe are surprisingly small. The North American and European economies, of roughly equal size, each exports to the other goods worth only about 2 per cent of GDP (gross domestic product)... whereas direct trade links within Europe have become much stronger in the past decade."

The Bank continues: "Europe has thus become a major market for British goods and our export would stand to benefit much more from further recovery there."

The bulletin estimates that in the year to the final quarter of 1983, total output grew by about 6 per cent in the U.S. This compared with growth of about 3½ per cent in Japan and West Germany but of only about ½ per cent in France and Italy. The UK economy grew by about 2 per cent in the period, according to the output measure of GDP.

Since the low point of the recession in the first half of 1981, the Bank estimates that the UK economy has grown by about 7 per cent as measured by the average of the three yardsticks for the economy.

It points out, however, that there is a wide discrepancy between the different statistics. The output measure gives a rather pessimistic picture of growth of 5.3 per cent between the first half of 1981 and the final quarter of last year. By contrast, the measurement of total national income (which should theoretically be equal to output) suggests growth of 9 per cent in the period.

The Bank says that the recent UK recovery has been slower than in previous economic cycles. But it comments: "The reason does not lie in the composition or the rate of growth of domestic demand, which has risen by over 9 per cent since the first half of 1981, a rate comparable with that in recovery phases of earlier cycles.

"Rather – notwithstanding higher oil exports – the external trade balance has worsened, in sharp contrast to this stage in previous recoveries, by an amount equivalent to some 3 per cent of GDP.

"This reflects, however, some adjustment from an initial position of large surplus as well as the fact that the upturn began earlier here than in most other countries.

"As recovery abroad strengthens, exports may be expected to benefit. For that and other reasons, the current recovery may prove more durable than its predecessors."

The Bank says that the recovery of UK consumer spending has in some ways followed a similar pattern to that of earlier recoveries. But a major difference has been that the growth in real personal disposable incomes has been small on conventional measures (about 1 per cent) while the proportion of incomes channelled into savings has declined by about 5 percentage points.

The decline in the savings ratio, it says, has taken the form of heavy borrowing – much of it for house mortgages – rather than a reduction in holdings of financial assets. Some of the borrowing for house mortgages has leaked into the purchase of other financial assets, mainly bank and building society deposits.

This has come about because although the mortgages are used in the first instance to buy houses or pay for improvements, the sellers of houses have used part of the proceeds for consumption and part for the purchase of financial assets.

To explain the rise in consumption while disposable income has been little changed, the Bank has subtracted from disposable income the amount by which inflation has eroded the real value of liquid assets.

This erosion has been slower lately as the inflation rate has come down. The Bank says that the real personal disposable income, adjusted in this way, has risen quite fast since 1981.

If further adjustments are made to deduct contributions to life assurance and pension funds, the savings ratio is shown to be little changed since 1981. The Bank says: "The adjusted figures imply that people are now spending more of their incomes because, with lower inflation, they do not need to save as much as before to maintain the real value of their net liquid assets."

The Bank sees little evidence at present of a build-up of inflationary pressure in the UK. "The underlying picture remains one of inflation holding fairly steady at about 5 per cent per annum."

"The 6 per cent a year rise in manufacturing industry's productivity has been a crucial factor in containing costs and improving competitiveness, the bulletin says.

"Much of this improvement has probably been achieved by closing high-cost plants, shedding labour and changing working practices and some of it may be cyclical.

"Such productivity growth may not be sustainable indefinitely, although earlier fears that it might soon tail off have not been realised," the bank says.

It points out that wage settlements appear not to be falling any longer and the growth of average earnings in manufacturing industry is running at an annual rate of 9 to 10 per cent.

In the industrialised world the inflation rate last year was about 5.2 per cent. The Bank comments that inflation did not fall much last year and it points out that "unit labour costs are now very low and further improvement may be hard to achieve."

"The deceleration of earnings may have come to an end, particularly where labour markets have tightened, and productivity gains may fade as more countries pass the initial stages of recovery."

"The fall in commodity prices which helped to bring down inflation in 1981 and 1982 rose rapidly from what the Bank calls an "unsustainably low level" at the end of 1982, but have since levelled off.

In terms of SDRs (special drawing rights), the International Monetary Fund's reserve currency, the Economist all-items commodity index rose by 29 per cent during the first nine months of 1983. The Bank believes, however, that commodity prices might fall somewhat in real terms this year.

Bank of England Quarterly Bulletin, Volume 24 Number 1, March 1984. Annual subscription for 1984, UK £22, Europe and surface mail £25. Single copies: UK £5.50, Europe £9. Special rates for students from Economics Division, Bank of England, London EC2R 8AH.

Japan increases lending lead

BY DAVID LASCELLES

JAPANESE banks have greatly widened their lead as the biggest international lenders based in the UK, exceeding both the British and American banks, according to the bulletin.

Japanese banks accounted for 27.4 per cent of all foreign currency lending to UK residents and non-residents and sterling lending to non-residents last year. This was up from 25.6 per cent in 1982.

The British banks have a 21.5 per cent share and the U.S. banks 20.7 per cent, both small declines on the previous year. The total market increased by five per cent to $673bn.

The Japanese first emerged as leaders in 1982. Their rapid growth is partly due to the fact that they have fewer international branches than U.S. and UK banks and must therefore channel more business through London. But the Japanese are also engaged on aggressive international expansion and could widen their lead further.

London is clinging to its dominance of the international financial scene despite a strong challenge by both the U.S. and Japan. The bulletin showed that the UK had 26.6 per cent of the international lending market in 1983, little changed from 26.9 per cent in 1982.

The U.S.'s share rose from 14.5 to 15.4 per cent, reflecting the continued growth of International Banking Facilities, the offshore banking unit introduced three years ago. But the growth of IBF is showing signs of easing. Japan's share rose from 7.5 per cent to 8.6 per cent.

Debt crisis 'more manageable'

BY OUR ECONOMICS CORRESPONDENT

THE BANK of England takes a cautiously optimistic view of the Less Developed Countries' (LDC) debt crisis. In a review of international banking markets, the Bank's bulletin says that their debt problems have "proved more manageable . . . than some might have expected" so far as keeping loans flowing to troubled borrowers, and the impact on the banks themselves is concerned.

Among the reasons it lists are the world economic recovery and higher commodity prices, which have raised the borrowers' capacity to earn foreign exchange to service their debts, and the U.S. trade deficit which is mirrored in the improved current accounts of Latin American countries.

At the same time vital support packages have been successfully assembled by banks and the IMF. Borrowing countries have made "impressive efforts" to adjust their economies. The bulletin also notes that banks are now in a stronger position to cope with the crisis, having made higher provisions against bad debts and strengthened their capital base.

But the bank says that continued progress depends on the robustness of the economic recovery in the industrialised countries, the containment of protectionist pressures, the level of interest rates and the measures borrowing countries take themselves.

FT CHAIRMAN RETIRES

Man who fostered international growth

IN THE last ten years the Financial Times has increasingly seen itself as an international newspaper, looking for new readers and advertisers outside the UK, while continuing to develop its domestic base. A central role in this process of internationalisation has been played by Mr Alan Hare, who retires from the chairmanship of the company today. His encouragement and support made possible the launch of the international edition, printed in Frankfurt in 1979. It was a move viewed in some quarters as foolhardy, but it has been fully justified in circulation and advertising terms.

The broadening of the business which took place under his chairmanship was not confined to the newspaper. He played a big part in the expansion of what became known as Business Enterprises, representing the non-newspaper side of the operation. Starting from a profitable syndication activity, BE has been built up both by acquisition and by internal growth to comprise a group of newsletters, magazines and other products and services in the field of business information. Turnover grew from £4m in 1975, when Mr Hare became chief executive, to £16m in 1983. The business is now well placed to make an even bigger contribution to the profitability and growth of the FT group.

These commercial decisions were important. Yet Mr Hare's most valuable contribution to the FT cannot be measured in purely business terms. It stemmed from his understanding of the newspaper's editorial objectives and his determination to maintain the newspaper's quality and independence. Mr Hare has always been keenly interested in the content of the newspaper. At times he has disagreed with the views expressed in the editorial column. Yet he has never sought to put pressure on the editor to adopt one line rather than another. A stable and constructive relationship between editor and chairman has been one of the FT's great strengths; the tradition was established when Mr Hare took over, but he maintained and enhanced it.

Born in 1919, the fourth son of the Earl of Listowel, he was educated at Eton and New College, Oxford. When the Second World War broke out he joined the Irish Guards subsequently transferring to the Household Cavalry for service in the Western Desert and the Middle East. He volunteered for service in the Special Operations Executive and was parachuted behind the German lines in Albania where he fought with the guerrillas for more than a year. He saw fuller service with the SOE in the Far East. After the war he joined the British foreign service, serving in Greece, Switzerland and the UK.

It was his international background and experience which led Lord Drogheda, chairman of the FT, to recruit Mr Hare to Industrial and Trade Fairs, then an FT associate company, and later, in 1962, to run the foreign department of the newspaper itself. By that time the FT had already developed substantial advertising revenue from overseas, especially from continental Europe, but Mr Hare was able to spread the selling effort to other areas and to give a new impetus to international marketing. Some 37 per cent of the FT's advertising revenue now comes from outside the UK, compared with 17 per cent in 1970.

Mr Hare became joint general manager in 1966, managing director in 1971 and chief executive in 1975; he was appointed chairman as well as chief executive on Lord Drogheda's retirement in January 1978. One of his objectives was to encourage discussion and consultation at all levels of the organisation. He had to preside over a company which had become bigger and more complex. At the same time he had to manage an evolving relationship with the owners, Pearson Group, which was itself going through a period of organisational change.

Mr Hare is famous at the FT for his long sentences, the structure of which is sometimes difficult to discern. But his approachability and his willingness to listen have been greatly valued by his colleagues.

There were, of course, disappointments. The launch of World Business Weekly, aimed at the U.S. market, seemed to be a promising way of establishing an FT presence in North America. Yet the magazine was not able to attract sufficient advertising to reach the necessary level of profitability. As for industrial relations, Mr Hare worked hard both within the company and at a national level to find a negotiated way forward to technological changes. He never believed confrontation was a viable strategy. At the same time he insisted that a firm response to what he saw as unreasonable demands was essential, and it was this that led to the long strike in 1983. Although the outcome of the strike could not be regarded as a victory for the management, he remained hopeful that both sides would learn from the experience and work towards a better understanding of each other's point of view.

The FT is grateful to Mr Hare for all he has done for the company. He will be remembered for his integrity, his wise counsel and his unfailing kindness and courtesy to all who worked with him.

G.D.O.

Buyout relaunches Corgi Toys

BY ROBIN REEVES, WELSH CORRESPONDENT

CORGI TOYS resumed production yesterday after successfully completing a £1m ($1.44m) management buyout of the Swansea toy manufacturing assets of Mettoy, which entered receivership last November.

A new company, Corgi Toys, established by 11 former executives of Mettoy, has relaunched the venture with substantial financial backing from Electra Investment Trust and the Welsh Office.

Electra has taken up £860,000 of the new company's £1m issued share capital in the form of cumulative preference shares. The remaining £140,000 has been put up by the management team which is headed by Mr Mike Rosser, Mettoy's former production director, as managing director.

Finance director of the new company is Mr Rod Manning, formerly Mettoy's divisional finance director.

In addition, the Welsh Office has injected £800,000 of Selective Financial Assistance grants into the new company immediately, and promised a further £500,000 over the next four years. Long-term loans of £400,000 have also been arranged.

Mr Rosser said that Corgi would initially produce 160 of the 560 toy lines produced by Mettoy. Some 200 workers were being employed immediately, but it was planned to build this up to 400 within the next few months.

Mettoy employed 1,100 when it went into receivership. Mr Rosser stressed that the die-cast toy side of Mettoy's business had remained basically profitable to the end. Corgi would be able to restart the business without the large historical debt accumulated by the former owners.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Corporate venturing

'It is all too easy to stifle it to death'

Christopher Lorenz explains why big company entrepreneurship has generally failed

FEW management fashions have promised so much, but delivered so little. Yet, with the sure-footed instinct of a dutiful lemming, company after company still persists in grabbing at it—and then falling headlong down the proverbial cliff.

It's called "venture management." Or it was, until the venture capital boom exploded into life a few years ago. Now, to distinguish it, it is generally dubbed "internal corporate venturing."

First popularised in the U.S. by 3M and DuPont in the late 1960s as a way of injecting themselves with a much-needed dose of entrepreneurship, it was taken up at one stage by almost a third of the companies in the Fortune 500. Almost without exception, by 1980 it had failed, as it had within the few adventurous European companies which had tried it—including BOC, ICI, Pilkington and Shell.

Despite the publication of a rash of learned articles with titles like "A visit to the new venture graveyard," the fashion then immediately began to rear its head more widely in Europe among a new batch of top managers desperate to break through the usual dreary corporate cycle of internal bureaucracy, bungled acquisition, inertia and decline. Now, just as swiftly and surely, with a few exceptions—notably at BP—it is again collapsing.

The centrepiece of this perversely resilient fad has tended to be a new ventures "group" (or "division") which is separate from the existing mainstream businesses and buffered from their big-company values, procedures and constraints (financial and otherwise). With all the entrepreneurial drive of a small company, the unit can then proceed to build a whole range of gleaming new businesses.

That's the theory. The reality is usually sadly different, lending support to the increasingly popular gibe, from Peter Drucker and others, that the big corporation has proved itself too inflexible to cope with today's fast changing markets, technologies and competitors—and that its days are, therefore, numbered.

It's not that the approach never works—3M and, to some extent, Monsanto—have shown that it can—but that it is all too easy to stifle it to death. Not only do top executives "expect venture groups to produce a good idea every Monday morning, and get disappointed when they don't," as Richard Onians of Monsanto puts it, but they indulge in all sorts of other unrealistic and futile behaviour.

Yet again, this tendency has been borne out by the latest crop of British failures, which has been closely observed by Drs Dale Littler and Bob Sweeting of UMIST (University of Manchester Institute of Science and Technology).

Less than four years ago the UMIST duo set out to study 14 venture groups, most of them newly-established. Only seven are still in existence and, Littler says "it looks as if only one or two will still be alive by 1985." Yet the lemming rush continues; he and Sweeting are having no difficulty finding replacements to include in their researches.

What particularly depresses Dale Littler is that few of the new enthusiasts seem to be *learning from the bitter lessons of the last 15 years.*

Many of the American venture groups in the 1970s and the handful that were tried then in Europe, were theoretically dedicated to developing projects that were languishing inside each company's own research laboratories. But they often quickly shifted their attention to shorter-horizon projects by looking outside for new ideas, and by making small acquisitions. In general, there was little attempt to limit the search to projects which were related to the company's existing businesses, though spurious "relatedness" was often claimed, as when BOC—like virtually every other UK venture group—moved into fish farming (well, fish do "breathe" oxygen, don't they?).

Some venture groups acted mainly as "think tanks," searching out new ideas and projects for immediate injection *into the mainstream* organisation, but many were also given the brief of "nurturing" and developing them right into the market place. The first, less ambitious, approach, has borne some fruit—as at Monsanto, albeit in fits and starts—while the second has bred virtually nothing but failure, except at 3M and a handful of other companies.

Norman Fast, a leading American expert on the phenomenon, offers this analysis of the causes of death: "The main reason has been the lack of a long-term corporate commitment. *For a variety of reasons,* including changes in top management, changing corporate objectives, changes in the corporate financial situation and the [disappointing] early performance of the venture group, corporations usually reach the conclusion four or five years down the road that the venture group will not have any dramatic successes. It is *not really needed and that* management and financial resources should be directed elsewhere. The venture group then experiences either a traumatic end or a slow, lingering death."

Put like that, it all seems fair enough, especially at a time when countless companies have been divesting themselves of past diversifications (including their fish farms) and rushing "back to basics." Dick Giordano, who took over as chief executive of BOC in 1979, the year it quietly dismembered its "new venture secretariat," would probably be quite happy with Fast's *mild form* of words.

But behind the formal language on the death certificates issued by many companies (those which had the courage to write them at all) lies a catalogue of managerial misunderstandings and mistakes, which extend far beyond venturing itself into the basic rules of innovation.

Most crass of all is the almost *universal tendency of top* management to harbour grossly inflated expectations of what venture groups can deliver, in terms of the potential size, rate of growth, and financial return offered by any new venture.

Among the other hallmarks of failure are: lack of appreciation that a one-in-10 success rate in innovation is good going, rather than a cue for the gnashing of teeth and wielding of axes; a refusal to lift bureaucratic procedures; and a rejection of the venture group by the prevailing corporate culture.

The allegation that companies fall prey to short-term myopia is made by almost every venture-watcher, be they academics or practitioners like Dick Onians of Monsanto. As they point out, a mass of research literature has shown that it is well nigh impossible for any type of new venture to reach a substantial size in relation to its company's existing businesses within four or five years. Yet Littler and Sweeting have found that this is insisted upon time after time.

"At the bare minimum, if a corporation is not willing to commit itself to a five- to seven-year *involvement, then it* should not even think of undertaking new ventures," says Professor Edward Roberts of the Massachusetts Institute of Technology, who has seen even more U.S. venturing than Norman Fast. "What is needed is patient money," says Roberts, adding that in many cases 10 to 12 years is a more reasonable time span.

The point *is rammed* home by Dr Robert Burgelman of Stanford University, who is currently bursting on the scene with a series of unusually searching papers, including one on how venture pitfalls can be avoided. But Burgelman complains that this conflicts with "the natural business perspective of only five years." Hence much of the managerial disappointment with venturing reported by Fast—disappointment which ignores the fact that some of the individual ventures (as distinct from the venture groups which housed them) have later gone on to be commercial successes, though often under new ownership. This is the case with several of BOC's former ventures.

Bob Burgelman can also reel off a long list of what he calls "destabilising forces" in the relationship between venture groups and the rest of the organisation. They include clashes over reward systems, demarcation disputes, and the difficulty of getting co-operation from people in other divisions because their short-term monitoring and performance appraisal *systems discourage* them from working on long-term venture projects.

What all this amounts to is a rejection of venturing by the established corporate culture. It is a vicious circle: the only reason the venture group is created in the first place is that the existing divisions are not being sufficiently entrepreneurial, but the entrepreneurial "cell" is then itself stifled by the culture. It just goes to show that you cannot change the course of a company by tampering about with its edges, which is what most "internal corporate venturing" does.

This, more than anything else, explains why so few companies have succeeded in emulating 3M's success with internal venturing. Unlike most large enterprises, the Minnesota Scotch tape-to-traffic lights group has a thoroughly entrepreneurial culture.

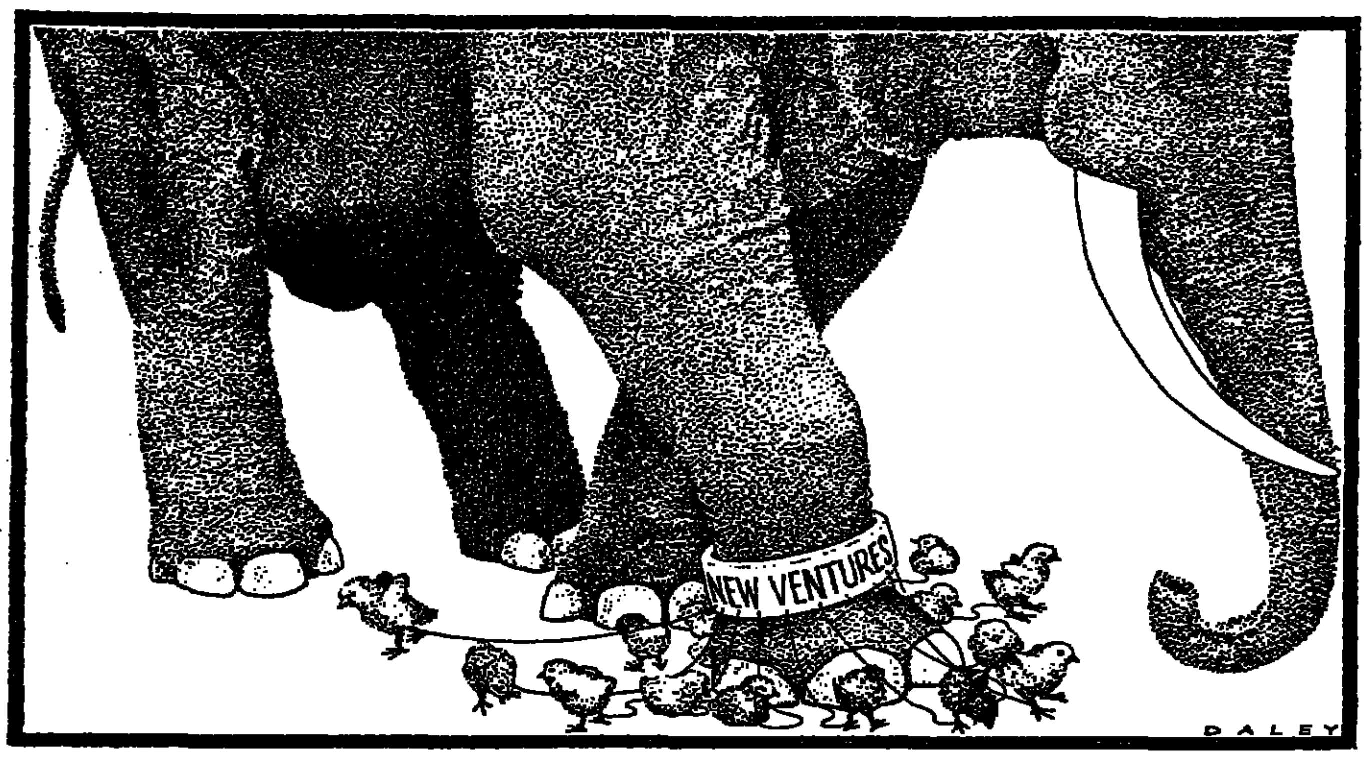
As MIT's Ed Roberts emphasises, every part of the 3M organisation has new ventures as part of its brief; there are no "minimum size" criteria; there are no "business area" constraints; and there is nothing to stop one unit from competing with another.

In such an environment, a venture group is really just an alternative greenhouse within which innovation can be nurtured, rather than, as in most companies, an isolated bastion of entrepreneurship within a sea of bureaucracy.

For the majority of managements, concludes Roberts, internal venturing is actually the most *risky* of all the various possible forms of venture management. In terms of corporate commitment, it is at the very high end of the scale, with the provision of venture capital—requiring a low level of corporate *involvement*—at the other. In between these two extremes are joint ventures with small firms (including "spin-offs" from the large company itself), and various forms of external "venture nurturing"—the provision of managerial as well as financial support to outside enterprises.

Most multinationals now conduct their venturing as a cross-breed of these approaches, rather than pinning all their hopes on just one of them. As a part of this mixed strategy, a number of companies, including ICI with its electronics chemicals, has recently set up a much revamped type of venture group which concentrates on a narrow range of high priority projects, rather than the traditional broad range of "possibles."

A mixed approach to venture management certainly spreads the risks and maximises the chances of success. But, just like a pure venture group strategy, it can quickly be stifled by internal bureaucracy, as the electronics companies within Exxon Enterprises have learned to their cost. Giving any large company a much-needed dose of entrepreneurship is an extraordinarily tricky operation.



Management abstracts

Promotions in service marketing. C. H. Lovelock and J. A. Quelch in Business Horizons (USA), May/Jun 83: p. 66 (9½ pages, tables). Examines the differences between services and packaged goods and their implications for marketing strategy; suggests objectives (aimed at consumers, intermediaries and competitors) in temporary promotions of services, discusses alternative promotion techniques and advises on selection / implementation; outlines a promotion management plan and suggests ways to defeat (or lessen the impact of) imitations.

Direct marketing disasters. D. Thomas in Direct Response (UK), Jun 83: p. 20 (4 pages, illus.). Describes six disastrous direct mail attempts and the lessons to be learned. Failure resulted from misdirection of message, misjudging markets/products or acts of God.

When corporate venture capital doesn't work. G. F. Hardymon and others in Harvard Business Review (USA), May/Jun 83: p. 114 (6 pages). Looks at the experiences of corporations who have moved into venture capital operations and finds their initiatives far from successful; cites as the main reasons for failure the difficulty in building up a satisfactory portfolio, inability to feed the new technology of the venture enterprise back to the parent, and lack of organisational "fit" between parent and offspring.

Consultants begin taking their own medicine. R. Hill and others in International Management Europe (UK), Aug 83: p. 21 (4 pages). Takes a close look at named management consultancies in four different countries, reports the views of principals/directors on changes in the consultancy market and the responses they are making; detects that demand for generalist services is declining and that they need to become more specialised.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p and p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
30	31	1	2	3	4	5

Opera and Ballet

WEST GERMANY

Berlin, Deutsche Oper: La Forza del Destino, sung in Italian, with Julia Varady, Livia Budai and Giorgio Merighi; it is produced by controversial Hans Neuenfels. Tosca has Eva Marton in the title role.

Hamburg, Staatsoper: Le Nozze di Figaro features Ann Murray and Marie McLaughlin in a Götz Friedrich production. Arabella has Judith Beckmann in the title role. Fidelio is cast with Gwyneth Jones, Manfred Jung and Franz Ferdinand Nentwig. Also billed is Zar and Zimmermann and Ein Maskenball, starring Piero Cappuccilli as Renato and Sylvia Sass as Amelia.

Cologne, Opera: Jean-Pierre Ponnelle's new production of Carmen has Kathleen Kuhlmann as Carmen and Luis Lima as Don José. Cosi fan tutte is also offered, and to commemorate Wagner's 100th anniversary, Parsifal is performed with Walter Raffeiner in the title role.

Frankfurt, Opera: East German Ruth Berghaus's production of Berlioz's The Trojans is added to the week's programme of Der Wildschütz, and The Magic Flute with Elfie Hobarth as Queen of the Night.

Munich, Bayerische Staatsoper: Simon Boccanegra has Mara Zampieri and Martti Talvela in the leading roles. There is a new production by John Copley of Adriana Lecouvreur, conducted by Guiseppe Patane with Margaret Price, Hanna Schwarz and Neil Shicoff in the leading roles. Un Ballo in Maschera has Lucia Plowright and Luis Lima in the cast, and Don Pasquale rounds off the programme.

ITALY

Milan, Teatro alla Scala: I Pagliacci, directed and with scenery by Franco Zeffirelli, and La Strada, choreography by Mario Pistoni and danced by Carla Fracci. (Sat, Thur) (809126)

Venice, Gran Teatro La Fenice: new production of Rossini's L'Italiana in Algeri conducted by Gelmetti with Marilyn Horne and Samuel Ramey. (Tue) (25191).

Verona, Teatro Filarmonico: New version of Manon Lescaut by Daniel-Françoise-Esprit Auber, directed by Dominique Delouche, conducted by Jean-Pierre Marty (Sun mat, Thur) (22880)

Turin, Teatro Regio: Thais by Massenet conducted by Reynald Giovanetti (Sun); Donizetti's l'Ajo dell'imbarazzo with Luciana Serra (Tue, Thur) (548000)

Bologna: Teatro Communale: Richard Coeur de Lion, a three-act comic opera by Andre Erneste. (Sat, Tue) (222999).

VIENNA

Staatsoper: Verdi's Rigoletto conducted by Graf (Fri, Mon). Verdi's Simon Boccanegra conducted by Claudio Abbado with Ricciarelli, Gonda, Bruson, Carreras, Raimondi, Schiever, Sfiris. (Sat, Tues). 5324/2655

Volksoper: Herman's "Hello Dolly" conducted by Rudolf Bibl (Wed)

"Dance 84" Festival: Giselle by the Vienna State Opera Ballet. Choreographed by Alicia Alonso, starring Lilly Jacob: Scheuermann, Ludwig Karl (Mon); and Nadjeshda Pavlova, Njatscheslav Gordjejev (Tues) at the Volksoper.

PARIS

Ballet Soirées: La Bayadère and Covent Garden's production of Tchaikovsky's Tempest, choreography for both by Rudolf Nureyev: Les Mirages, choreography by Serge Lifar, and No Man's Land, choreography by Rudi van Dantzig, followed by Marco Spada – a three-act ballet-pantomime, in Rome Opera's production, adaptation, choreography and decor by Pierre Lacotte, John Lanchbery conducting at the Paris Opéra – Salle Garnier (7423750)

Claude Debussy's La Damoiselle Elue inspired by Rosetti's The Blessed Damozel in a double-billing with Purcell's Dido and Aeneas in a new production with Jessye Norman as Dido, Christine Barbaux, Veronique Dietchy as Belinda and William Stone as Aeneas, with Jean-Claude Casadesus conducting, at the Opera Comique-Salle Favart (2960611)

Momix Dance Theatre with its improvisations and sense of humour, its shadow dancing and a quartet on skis gives an early evening performance at the Théâtre De La Ville (2742277)

NEW YORK

Metropolitan Opera (Opera House): The season's first performance of James Levine conducting Don Carlos, with Montserrat Caballe and Giacomo Aragall as the romantic leads and Tatiana Troyanos as Princess Eboli highlights a week that also features Gian Carlo Menotti's production of Manon Lescaut as well as Piero Faggioni's new Francesca da Rimini conducted by James Levine with Renata Scotto as Francesca and Placido Domingo as Paolo. Lincoln Center (580 9830).

A Night in Venice (Eastside Playhouse) Alice Hammerstein Mathias's lyrics accompany Strauss waltzes for the Light Opera of Manhattan's view of romance at Carnival time. Ends April 22. 334 E. 74th (861 2288)

Paul Taylor Dance Company (City Center): The nearly month-long season of mixed repertoire features premieres of Paul Taylor's Byzantium set to music by Varese and Equinox set to Brahms, along with revivals of Big Bertha, Profiles, Runes and Nightshade. Ends April 15, 55th E. of 7th Av (5617907)

LONDON

Royal Opera, Covent Garden: Bellini's I Capuleti e i Montecchi, Bellini's Romeo and Juliet receiving its first staging from the Royal Opera, has Agnes Baltsa and Edita Gruberova as the star-crossed lovers, Riccardo Muti as conductor, and Pier-Luigi Pizzi producing his own designs. The latest revival of the aged and near-decrepit Zeffirelli production of Rigoletto introduces Sherrill Milnes in the title role, with Alida Ferrarini as Gilda (London debut) and Dennis O'Neill as the Duke; Edward Downes conducts.

English National Opera, Coliseum: War and Peace, the company's famed Prokofiev spectacular, returns for a London showing before the company's U.S. tour. A familiar cast headed by Eileen Hannan, Kenneth Woollam, Norman Bailey and Malcolm Donnelly is joined by Russell Smythe, the new Prince Andrey; James Lockhart conducts.

Sadler's Wells, Rosebery Ave: Ballet Rambert ends its season at Sadler's Wells with a triple bill on Friday and Saturday.

Royal Opera House, Covent Garden: Royal Ballet offers a triple bill on Friday and Wednesday.

Albert Hall: Starting on Tuesday for a week, that great skater and ice dancer John Curry is to be seen with a company and a good orchestra.

Music

NEW YORK

New York Philharmonic (Avery Fisher Hall): Zubin Mehta conducting, Alexis Weissenberg, piano. Druckman (world premiere), Beethoven, Dvorak (Tue); Zubin Mehta conducting, Brigitte Engerer, piano. Haydn, Boulez, Chaikovsky (Thur). Lincoln Center (8742424).

Carnegie Hall: Academy of St Martin-in-the-Fields Octet. Spohr, Leighton, Shostakovich, Mendelssohn (Mon); Giori Feidman clarinet and bass clarinet recital: Miron, Schorr, Tarras, Goldfaden, Kern, Goodman, Verdi, Bach (Wed); Elly Ameling soprano recital: All-Schubert programme (Thur). (2477459)

Merkin Hall (Goodman House): Smithson String Quartet: Bach, Faure, Hoover (Tue); Heidi Nitze soprano recital: Griffes, Dowland, Barber (Wed); New Band, Sefani Starin and Dean Drummond directors: Cage, Rzewski, Takemitsu, Drummond (Thur), 67th W. of Broadway (3628719)

WASHINGTON

National Symphony (Concert Hall): Tue, Wed, Thur. Kennedy Center (2543776)

CHICAGO

Chicago Symphony (Orchestra Hall): Henry Mazer conducting, Ian Hobson, piano: Mozart, Sibelius, Rachmaninov (Thur). (4358122)

ITALY

Milan: Conservatorio Giuseppe Verdi: piano recital by Alberto Colombo: Debussy, Schumann, Prokofiev (Wed) (701755)

Rome, Oratorio del Gonfalone: Giorgio Cerasoli (clavichord) playing Bach (Thur) (655952). Auditorio di Via della Conciliazione: Brückner, Schumann, conductor Sinopoli (Sun, Mon, Tue) (6541044). Teatro Olimpico: Beroff-Collard piano duo playing Debussy (Wed) (393304)

PARIS

Unesco Exceptional Concert: Pogorelich, Cotrubas, Paraschivesco, Menuhin: Chopin, Liszt, Duparac, Beethoven (Tue) Unesco, 119 Ave de Suffren. (5681000)

Orchestre Français d'Oratorio: Beethoven, Handel (Tue) Saint-Roch Church (2619326)

Archets Français: Vivaldi's Four Seasons (Wed 9pm) Sainte-Chapelle, bookings on arrival.

Nouvel Orchestre Philharmonique Radio France conducted by Janowski: Berlioz – Te Deum (Thur) Saint-Louis des Invalides Church (5241516)

LONDON

City of London Sinfonia, conductor Robert Ziegler, Neil Smith, guitar: Mendelssohn, Handel, Faure, Rodrigo. Royal Festival Hall (Mon) (9283191)

Royal Philharmonic Orchestra, conductor Moshe Atzmon, Christina Ortiz piano: Rossini, Handel, Rachmaninov, Dvorak. Barbican Hall (6388891) (Mon)

Simon Rattle: at the Royal Festival Hall, London

Philharmonia Orchestra, conductor Simon Rattle, Elsie Ross, soprano: Wagner, Berg, Mahler. Royal Festival Hall (Tues)

Bournemouth Symphony Orchestra, conductor Rudolf Barshai, Yefim Bronfman piano: all-Brahms programme. Barbican Hall (Tues)

London Mozart Players, conductor Harry Blech, Peter Frank, piano: Schubert, Mendelssohn, Mozart. Royal Festival Hall (Wed)

Philharmonia Orchestra, conductor Simon Rattle, Dame Janet Baker, contralto, John Chamber, viola, Andrew Shulman, cello: Berg, Mahler, Strauss. Royal Festival Hall (Thur)

Andrei Nikolsky, piano: Rachmaninov, Liszt, Prokofiev. Queen Elizabeth Hall (Thur) (9283191)

VIENNA

The USSR State Symphony Orchestra: conducted by Yevgeny Svetlanov, soloist Valery Klimov, violin. Miaskowski, Svetlanov, Rachmaninov. Musikverein Grosser Saal. Tues, Wed. (658190)

ZURICH

Tonhalle: Tonhalle-U. Theaterorchester: Altmeyer, Dernesch, Martin and Hermann conducted by Ferdinand Leitner performing Richard Strauss's Elektra (Mon) (2516922). Piano recital by Urs Ruechti: Bach, Mozart, Schumann, Ravel (Tue) (221283)

BRUSSELS

Belgian National Orchestra conducted by Mendi Rodan with Yuri Egorov, piano: Mozart, Mahler. Palais des Beaux Arts (Thur)

WEST GERMANY

Berlin, Philharmonie: Berlin Philharmonic Orchestra conducted by Lorin Maazel and pianist Claudio Arrau and Wolfram Christ: Beethoven and Berlioz (Tue, Wed)

Frankfurt, Alte Oper: Montreal Symphony Orchestra, conductor Charles Dutoit, pianist Martha Argerich: Schumann, Prokofiev, Ravel (Tue)

Exhibitions

LONDON

ICA: William Morris Today – a documentary for the 150th anniversary of the sage's birth, celebrating his ideas and principles rather than his practical work in the arts and crafts. Morris was a romantic and visionary, one of the most important of British theorists of early, idealised Socialism; and if his vision has manifestly failed to be realised, it remains nevertheless in so many respects admirable and always honourable. He was a designer of genius, though a poor painter and indifferent poet – and in the longest run it is as a designer that his work will stand. Ends April 29

The Tate Gallery: the Pre-Raphaelites. The extraordinary revival of interest in Victorian art in recent years, and its consequent rise in value, has made a proper critical re-evaluation long overdue; and now, with this copious and quite splendid exhibition, the subject is wide open. What had for so long been taken as merely a close and limited movement is clearly shown to be not so except in its earliest year, but rather a looser association of more general relevance. Millais, Madox Brown, Holman Hunt, Rossetti and Burne-Jones all gain by the chance to be seen on their individual merits, and to emerge as substantial and consistent artists in their own right. The history of British art will never read the same again. Ends May 28

PARIS

Masterpieces of American Painting 1760-1910. More than 100 paintings – among them Whistler's Mother, Sargent's Madame X and Mary Cassatt's Impressionist work – span 150 years of American creation. The panorama of realistic portraits, dramatic landscapes, genre scenes and symbolist paintings culminating with Homer and Eakins and proves abundantly that the New World did not have to wait for the contemporary period to affirm a powerful identity of its own. Grand Palais (2615410). Closed Tue. Ends June 11.

Italian Illuminated Manuscripts from 6th to the 16th century. 160 exhibits that include such treasures as an illustration of Petrarch's Triumph of Chastity retrace the development of the art of illumination from late antiquity to the Renaissance. Bibliothèque Nationale, All days 12am-6pm, ends May 30 (2618283)

NEW YORK

Metropolitan: Rembrandt, Vermeer, Hals, van Ruisdael and Steel are among the 17th century masterpieces from the Royal Mauritshuis Picture Gallery in The Hague taking up temporary residence in commemoration of 200 years of Dutch-American diplomatic relations. Ends April 15.

Picasso: The Last Years (Guggenheim): A show of one tenth of one per cent of Picasso's last decade of work still has 200 pieces in it, showing a restless spirit trying to capture the last personal vision by dint of sheer energy working at a furious pace. Ends May 6.

WEST GERMANY

Essen, Villa Huegel: the former residence of the Krupp family, now an arts centre, presents treasures from Peru – among them more than 500 priceless exhibits never shown before outside the country. The 800 artefacts, from 2,000 BC, beautifully document Peru's cultural development. Ends June 30.

Munich, Haus der Kunst, 1 Prinzregentenstrasse: Munich is the first venue of a Max Beckmann retrospective, comprising 300 oil paintings, drawings, watercolours and graphics by the German Expressionist. Ends April 22.

Berlin, Akademie der Künste: the only German venue of the much acclaimed Willem de Kooning exhibition, comprising 100 paintings, 130 drawings and 25 sculptures by the U.S. artist. Ends April 29.

Düsseldorf, Kunsthalle: Ahead of Paris, Bordeaux and Jerusalem, which will shortly open Anselm Kiefer exhibitions, Düsseldorf has now staged a show with 40 oil paintings, 60 water colours and 12 book objects from the last 10 years by the Austrian, an expressive painter. Ends May 3.

Munich, Residenz: to highlight German-Italian cultural collaboration, a comprehensive Marino Marini exhibition under the joint aegis of the Italian President Sandro Pertini and the Federal President Karl Carstens has been opened. The show, among whose exhibits are more than 45 sculptures, 40 paintings, and 60 drawings, offers a survey of the graphical work of the artist. The exhibits are chiefly on loan from Marini's widow and have not been shown abroad before. Ends May 1.

Treasures for the Table: Gold and silverware, porcelain and glass from Vienna, Paris, Brussels including part of the solid gold service made for the Empress Maria Theresa and Louis XV's Sèvres service offered to her to commemorate the Franco-Austrian alliance. Credit Communal Passage 44 until June.

Art and Sport: 300 paintings, sculptures, drawing and photographs including Toulouse-Lautrec, Picasso, Magritte, Leger, Delaunay, Hockney. Palais des Beaux Arts. Ends June 3.

ITALY

Florence: Casa di Buonarroti – via Ghibellina Raphael and Michelangelo – open until the end of April from 9am until noon (closed Tuesdays).

Rome: Galleria di Palazzo Spada, Piazza Capo di Ferro: Beautiful seventeenth century palace containing a fine collection of paintings of the same period. The building has been closed for restoration for some time and re-opened this week. It is also possible to visit the Room Of The Four Seasons, normally closed, with its beautiful mouldings by Mazzoni.

Rome: Villa la Farnesina, via Della Lungara: Drawings by Giovanni Lanfranco (1582-1647) showing his preparatory sketches for the frescoes of the cupola of S. Andrea della Valle and other Roman churches. Closed Mon. Ends April 10.

VIENNA

Albertina – Collection of Graphic Arts: Some 300 water colours of the Austrian artist Rudolf von Alt are exhibited, covering a prolific and long career from the 1930s to the early 20th century. Ends April 29.

Theatre

PARIS

The Royal Shakespeare Company, hailed by the Figaro Magazine as the world's best theatrical company, presents Terry Hands's production of Much Ado About Nothing at the Théâtre des Champs Elysées (7234777) and Edward Bond's Lear with Bob Peck in the title role at the Théâtre de La Bastille (3574214).

LONDON

Loot (Ambassadors): Leonard Rossiter is a wonderful Truscott in Jonathan Lynn's enjoyable revival of Joe Orton's farce in which a leading role is played by a mummified corpse.The versatile Gemma Craven plays the Irish nurse who is open to offers and party to crime. (8361171)

The Aspern Papers (Haymarket): Vanessa Redgrave and Wendy Hiller give superb performances in Michael Redgrave's 1959 version of Henry James's story. The inquisitive scholar who descends on their Venetian palazzo is played, ponderously, by Christopher Reeve. (930 9832)

A Streetcar Named Desire (Mermaid): Sheila Gish gives the performance of her life as Blanche Dubois in Alan Strachan's excellent revival, first seen last year at Greenwich. Tennessee Williams's emotional roller-coaster of a play amounts to one of the best evenings in town. (9306123)

Sufficient Carbohydrate (Albery): Transfer after a sold-out season at Hampstead for Dennis Potter's menopausal, over-symbolic but trucculently written comedy on a gleaming white Greek island set. Dinsdale Landen superb, yet again, as a garrulous drunk. (8363878).

Hay Fever (Queen's): Penelope Keith is more "right" for Judith Bliss than was either Edith Evans or Celia Johnson. She is very funny, winsomely autocratic, distracted. The supporting actors roll over without protest. (7341166).

Pack of Lies (Lyric): Judi Dench in a decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (4373686).

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (8362660/4143)

NEW YORK

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale à la Gaîté Parisienne, but the intimate moments borrowed direct from the film. (7572626)

Brighton Beach Memoirs (Neil Simon): If it wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organization has generously decided to name the theatre after the generation's outstanding box office draw. (7576646)

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, arrived on Broadway in a cast headed by Jeremy Irons and Glenn Close, directed at a fast clip by Mike Nichols. (2396200).

The Human Comedy (Royal): A sold out ten-week engagement at the Public led to this Broadway incarnation of William Saroyan's gentle story of California folk, as interpreted in oratorio by Hair's creator Galt MacDermot with William Dumaresq's libretto. (2396200)

CHICAGO

E. R. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (4963000).

The Time of Your Life (Goodman Mainstage): Four years after his death at age 72, William Saroyan is rediscovered, here with the 1939 Pulitzer Prize winner that takes place among dreamers in a California bar. Ends April 8. (4433800).

WASHINGTON

Beyond Therapy (Kreeger): Christopher Durang's romantic comedy has all the elements of modern singles life including meeting through the personals column of a newspaper and a scene in a hip restaurant, but it reflects more than explores the shallowness of a surfeit of choices. Arena Stage (4883300)

A scene from "Yentl" with Barbra Streisand (right) in the title-breeches role

Cinema/Nigel Andrews

Feminist on the roof

Yentl, directed by Barbra Streisand

El Sur, directed by Victor Erice

Reflections, directed by Kevin Billington

Bloodbath at the House of Death, directed by Ray Cameron

By Design, directed by Claude Jutra

It is time to start a movement in the cinema called Palette's Lib. What overweening aesthetic autocracy has decided that the Past in movies, especially the Jewish Past, should always be portrayed in shades of brown? After *Daniel* and *The Chosen*, and before that *Fiddler on the Roof*, Barbra Streisand's *Yentl* comes to us in yet another all-over brown-and-amber-and-sepia wash. And as if by chromatic osmosis, the choice of hues has infected the whole film: it resembles 127 minutes of liturgical burlap.

Isaac Bashevis Singer's story of a Jewish peasant girl in early-century Poland who defies her patriarchal society to become a scholar—donning boy's clothes to enter groves of Academe forbidden to women—has been turned into a "film with music." Nothing so vulgar as a "musical," but a chance for La Streisand to leap into a grandiose fable that combines Women's Lib with Yiddish history, and which uses wall-to-wall music rather than separate production numbers to score its comedy and sentimentality.

In bringing *Yentl* to the screen Streisand has performed the astounding feat of multiplying herself by four. She is star, director, co-producer and co-writer (with Jack Rosenthal). Her presence in categories two to four ensures the film's high feminist profile, and her presence in category one ensures us a high dose of her androgyne charisma. Streisand's strong-boned, assertive-conked features suit a role in which she wears boy's clothes almost throughout. And there's an errant but definite charm in the movie's mid-section, where she tries anxiously to stay out of bed with russet-haired beauty Amy Irving, whom she has "married" as a favour to the man she (Streisand) loves. He (Mandy Patinkin) can't marry Miss Irving himself because of her Pa's hostility to his family, but he wants to remain close via a friend's wedlock.

Yes, the story is confusing. But that will be the least of your problems. The film is finally sunk not by its anfractuous plot but by its weight of whimsy and sucker-punch suffragettism. Michel Legrand's songs, like the cinematography, are all-of-a-tone; written in the endless-loop style of his most famous hit, "Windmills of the mind"! Streisand's brave navigation of them—via a dual technique of sometimes singing and sometimes "thinking" the numbers—implants *rubato* and *vibrato* but not the miracle of memorability.

Instead you come out humming the images of British cinematographer David Watkin; who *despite* the accursed browns and ambers proves in many scenes—as he did throughout in *Robin and Marian* and *The Three Musketeers*—that he can treat light with dazzling weightless skill, like a movie Vuillard or Bonnard. Windows burst with radiance, hair and faces are gently haloed with fire. If only he had opened the other tubes on his palette *Yentl* might have been, visually at least, a sensation. As it is, it should be called *Feminist on the Roof* and flocked to mainly by those addicted to the Streisand tonsils or the current Streisand line in ladies' agitprop.

★

El Sur (The South) also stars its cinema photographer, Jose Luise Alcaine. Alcaine and director Victor Erice film this story of a young girl's growing up in Northern Spain, with a kindly mother (Lola Cardona), a mysterious psychic father (Omero Antonutti) and a to-and-fro of eccentric relatives, in twilight colours of ravishing delicacy: mauves, pinks, softest yellows and greys. They're the key to a film about the enchanted suggestibility of childhood, the very theme explored in Erice's memorable and only previous feature, *Spirit of the Beehive*.

All that "happens" is that the heroine, played at two different ages by Sonsoles Aranguren (8) and Iciar Bollan (15), grows up imbibing her father's powers (an ability to divine water, a magic pendulum that discerns a baby's sex before birth); receives a transfiguring gust of love from the South—where her father was born—when her grandmother and irrepressible chatterbox companion come up on a visit; learns of her father's "secret sorrow" (a woman he loves, also in the South); and finally grows into teenhood, armed at once with wisdom, strength and a sense of "magic."

At last year's Cannes festival, in the last-minute helter-skelter of hastened verdicts—the film was shown on the last day—I said Erice was "playing a game of Assemble the Identikit Spanish Film." I hereby eat my sombrero. The ingredients *have* all been seen before in Spanish cinema, but the poetry with which they're re-mixed makes them seem new. Relish especially Antonutti's haunting, dome-browed performance as Papa (he was also the father in *Padre Padrone*), the film's spell-kissed images, and the vast balmy silences that are like opening a door on a cool summer evening.

Rite of passage: a scene from "The South"

★

Reflections is like accidentally locking yourself in a greenhouse on a hot summer afternoon. Though surrounded by fragrant blooms and exotic greenery, all you want to do is smash a window and get out. Deep in the Eire countryside mooches Gabriel Byrne, who is writing a book on Sir Isaac Newton and renting a rustic land-owner's stone cottage to do so. A mysterious girl (Harriet Walter) becomes his mistress, only to lapse into a tendency to outstay her welcomes. ("I'm not the only available male, you know," he says—"You are in the bedside, she replies.") There is a strange boy with a bow and arrow, and there is the landlord's equally strange wife (Fionnula Flanagan). Above all there is the landlord himself (Donal McCann), a rumbustious old mutter prone to abusing his guests and drinking large quantities of Jameson's.

When in doubt cry "This is an allegory." Irish novelist John Banville wrote the screenplay, which I will boldly stick my neck out and declare to be about the futility of human endeavour in the face of Death. Newton's late lapse into madness is much discussed, and ascribed by Byrne to a brink-of-death recognition of the vanity of his achievements; love blossoms between hero and heroine under the shadow of fatal illness (she is revealed to have cancer); the landlord is quaffing his way to early surcease; and the Newton treatise itself is finally abandoned, an auto-destruct genitas, near the movie's end.

So far, so sympathetic. But even allegories must have a life of their own, and Kevin Billington's direction is deathdealingly stilted. Characters stand about not knowing what to do with their hands; let alone their dialogue. The unaffected, endless-summer photography of Mike Molloy is like pictorial muzak. And Billington must have been bitten by too much TV drama, because as in a telly-play, there is never any enriching peripheral detail around the main knots of action.

★

The rest of the week is worse. Hasten at great speed past any cinema showing *Bloodbath at the House of Death*. This, as the title will intimate to you with a sledgehammer, is a spoof horror film, and a painfully unfunny one. Kenny Everett, Pamela Stephenson, Vincent Price and others quip their way through a tale of monks, mansions and murder. Ghosts rise, blood runs and secret doors conceal nameless terrors. But the worst terror is alive and at large, destroying talent with inky paws, and that is the script.

In *By Design* two living-together lesbian fashion designers, Patty Duke Austin and Sara Botsford, seek to have a baby. Who will be the lucky man? There is the faint rustling of comic potential in this situation. But it is firmly sat on in the early-middle stages by Canadian director Claude Jutra, who directs with strange timing and awkward pauses, as if waiting for a ghostly laughter-track to materialise.

Egon Schiele/Milan

Phoebe Tait

After a successful run of drawings by Gustav Klimt and Oskar Kokoschka, the Milanese are now continuing their love-hate relationship with Austria at a new collection of more than a hundred watercolours and drawings by Egon Schiele, on show until May 20 at the Accademia di Brera. These are of a delicacy that might surprise those only familiar with the forcefulness of Schiele's major paintings.

Working in Vienna during the first two decades of this century and influenced by both Klimt and Kokoschka, Schiele is now associated mainly with the concepts of symbolism and expressionism. The evocative and often disturbing images of human sexuality and psychological stress that are the principal themes in Schiele's oeuvre can almost overwhelm the spectator. In fact, an emotional response is precisely what artists such as Schiele were aiming for. So extreme was the response of his public in the early part of this century that Schiele was briefly imprisoned in 1911 on charges of immorality and pornography.

The aim of the Brera exhibition is to show the evolution of Schiele's work from his respectable academic beginnings to the highly personal style he developed on leaving the Vienna academy in 1909. Both in subject and handling, the early drawings do not contain any surprises, but the transition between the rather ordinary charcoal portrait of the artist's uncle (1908) and the disturbing self-portrait completed three years later (the artist portrays himself screaming) is patently a major one in terms of expressiveness.

Nonetheless, the academic demands of compositional clarity and balance complement an excessively distressing subject. This early transition is all the more striking if one considers that Schiele died in 1918, aged 28.

The subjects which Schiele chose to depict, among other things lesbians and sexual self-exploration, have in the past tempted the spectator away from a consideration of the other pictorial values which he employed in his work.

Schiele regarded his work as part of the general European aesthetic tradition. What is unusual, however, is the way he chose to deal openly with issues, the significance of which was just being explored by Freud, most notably, but which had yet to be recognised by the general public as a valid area of enquiry.

Such open and explicit depictions continue to inspire anxiety in the viewer, as can be seen by the raised eyebrows and nervous glances of several visitors to the Brera.

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‡ Call deposits £1,000 and over 5¼%.
§ 21-day deposits over £1,000 6¼%.
‖ Demand deposits 5¼%.
¶ Mortgage base rate.

APPOINTMENTS

Barclays Merchant Bank senior posts

Mr Michael Petersen, at present director in charge of corporate services division of BARCLAYS MERCHANT BANK, has been appointed head of the merchant banking division of Barclays Bank International in New York from June 30. He will be exchanging posts with Mr Nicholas Selbie. Mr Neil Harland, an assistant director, has been promoted to executive director of Barclays Merchant Bank from April 1. Mr Joe McCann, at present attached to Barclays Bank group central advances department and formerly managing director of Bermuda Provident Bank, has been appointed an executive director of Barclays Merchant Bank from April 2. Mr John Neilson, formerly a vice-president, American Express International Banking Corpn. and an executive director of Amex Bank, has also been appointed an executive director of Barclays Merchant Bank.

★

Mr Stuart S. Tarrant has been appointed an executive director

Mr Stuart Tarrant

of STANDARD CHARTERED BANK. He joined the bank in 1980 as chief financial officer.

★

Mr O. R. Norland will resign from the board of HAMBROS BANK on March 31, but will continue his association with the bank in an advisory capacity. From April 1 Mr Norland will become London representative of DEUTSCHE SCHIFFAHRTS-BANK, Bremen, which will shortly be opening offices in the City.

★

The ROBERT FLEMING GROUP has made the following appointments from April 1 as directors at Robert Fleming and Co: Mr Philip H. G. Bradley, Mr Mark W. B. Sketchley, and Mr Frank Smith; at Robert Fleming Investment Management: Mr Nigel W. A. Chapman; at Robert Fleming Securities: Mr Trevor Z. Sliwerski, Mr Roger H. Streeter and Mr Phillip A. Wickelow.

★

Four partners have been appointed by PEAT MARWICK: Mr Ron Goodwin (Congleton), Mr Graham Hirst (Bradford), Mr Michael Skuse (Birmingham) and Mr Peter Brown (Preston), all from April 1.

★

Mr Michael Boyd-Carpenter has joined CAWOOD, SMITHIE AND CO stockbrokers, Harrogate, as an associate.

★

Mr Ron Sargeant has been appointed to the board of HALL AND KAY ENGINEERING, Ashton-under-Lyne. He is the Stretford-based director of MJN an engineering services company which was acquired by Staveley Industries in November.

★

Mr J. G. Charles White will retire from BAILLIE, GIFFORD AND CO on April 5. Mr Angus G. Millar will succeed him as senior partner.

★

A regional public relations consultancy, GASCOIGNE MOODY ASSOCIATES, will start operations in Birmingham at the beginning of April. Chairman of the new company is Mr Stephen Gibbs, former chairman of Turner and Newall, and other directors are Mr Keith Gascoigne, currently manager, and Mr W. A. (Tony) Moody, currently assistant manager, of IMI PR department. IMI is among the first clients.

★

Mr M. E. McConnell has resigned from the board of STEWART WRIGHTSON HOLDINGS. He remains president and chief operating officer of Stewart Smith Holdings Inc, New York, the company responsible for the group's broking operations in the U.S.

★

Sir Malcolm Wilcox, deputy chairman of PRIVATbanken, London subsidiary of the Danish bank, has been appointed to the board of representatives of Privatbanken A/S. He is the first senior English banker to be elected to the board.

★

Mr Garrett F. Bouton, managing director of Scandinavian Bank, has been elected chairman of the ASSOCIATION OF CONSORTIUM BANKS. The Association is composed of 21 member banks all of which are based in London. Mr Charles Burkin, chief executive of UBAF Bank, was elected deputy chairman while

Mr Garrett Bouton

Mr Jan Ankarcrona, managing director of Fennoscandia and Mr Tom F. Gaffney, managing director of Libra Bank, have both joined the executive committee. Mr John Mills of Scandinavian Bank was appointed secretary for the Association.

★

Mr David Cardale and Mr Tim Seymour of the corporate advisory division and Mr Ian Butcher, of the North America representative office, have been appointed directors of COUNTY BANK from April 1. Mr Butcher will continue to be based in New York.

★

Mr Michael Limbrick has been appointed a director of JEB ALPINE FASTENERS, an associate company of Linfast Fastener Centres. He was manager of the Linfast distribution centre at Rochdale.

★

Mr Roger Boissier and Mr Richard Greenbury have been re-appointed part-time members of the BRITISH GAS CORPORATION. The appointments are for three years from April 13 and May 5 respectively. Mr Boissier is a director of Pressac Holdings. Mr Greenbury is Marks and Spencer joint managing director.

★

RACAL RECORDERS has appointed Mr Roger Kitsell as financial director and company secretary. He was financial director and company secretary at Petter Refrigeration.

★

Mr Gordon R. Haworth has been appointed to the board of COSTAIN GROUP. Mr Haworth, an American citizen, is based in Chicago and is president of Costain Holdings Inc.

★

TELEFUSION has appointed Mr Peter J. Collins as operations director, communications division. He was general manager of the division.

★

Mr Neville Jones, assistant general manager (personnel) of CLERICAL, MEDICAL AND GENERAL LIFE ASSURANCE in Bristol, has been appointed to the board as an executive director.

★

Mr Michael W. Powell has been appointed executive chairman of FOXBORO GREAT BRITAIN to succeed Mr Alan E. Parritt on his retirement. Mr Powell is a corporate vice-president and managing director of Foxboro International, part of the Foxboro Company of Massachusetts, U.S.

★

Mr Walter Oakes, a former Department of Health expert in the provision of medical services and equipment to overseas countries, has joined the board of E. JONES.

★

Mr Jeremy Hardie has been appointed a director of MERCANTILE HOUSE HOLDINGS.

Mr Jeremy Hardie

He is chairman-elect of Alexanders Discount, recently acquired by Mercantile House.

★

Mr Richard W. Millward has been appointed secretary of the SWIMMING POOL AND ALLIED TRADES ASSOCIATION.

FINANCIAL TIMES

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Friday March 30 1984

Argentina and U.S. banks

DEADLINES can concentrate the mind. But they can also create unnecessary tension, as the flurry over Argentina's latest debt problems has shown only too clearly. Bankers have this week been trying to negotiate a makeshift financial package that would enable Argentina to reduce its debt arrears to below 90 days and so spare U.S. banks the embarrassment of having to declare their Argentine loans non-performing on the first quarter balance sheet, dated March 31.

Their failure to do so has led to suggestions that Argentina is refusing to co-operate with its creditors and even preparing to repudiate its debts, a notion that Mr Paul Volcker, the Fed chairman, was quick to rebut on Tuesday. But while Sr Bernardo Grinspun, the Economy Minister has been talking tough, the true situation is somewhat less dramatic. It would be wrong if the extremely delicate question of refinancing Argentina's debts was to be complicated by what is essentially an accounting problem peculiar to U.S. banks.

Normally, banks assume that loan interest will be paid on time, and they include it in their profit and loss statements even if the money has not actually arrived. U.S. accounting standards prohibit them from doing this if interest is more than 90 days overdue, while U.S. bank laws require them to disclose the volume of such "non-performing" loans.

New financing

In Argentina's case, it has been obvious since last October that interest arrears were piling up, and few if any U.S. banks have been accruing interest anyway, so the loss of earnings on March 31 will be no surprise. Many banks have also already disclosed arrears on their Argentinian debt: Chase Manhattan, for example, said that $140m (£96.4m) of private sector loans were non-accruing on the last balance sheet date, December 31.

The expected "loss" of earnings to major U.S. banks amounts to between an insignificant amount and about 20 per cent of the first quarter's net income. This will be made up if and when Argentina obtains new financing and starts paying off its arrears, in which case the same banks' earnings could be unnaturally high in the next quarter. Wall Street appears to have discounted the impact already.

The new Argentinian Government stated early on in the proceedings that it aimed to have a new financing package, including an IMF programme, in place by June 30. The deadline is still considered realistic, especially in light of the progress recently made in talks with the Fund on which further bank lending depends. If, in the meantime, the U.S. banks have to engage in some financial acrobatics to keep their books in good order that is their problem, though it would be diplomatic of Argentina to make some gesture on their behalf given their importance as creditors.

The more fundamental problem posed by the Argentinian case is one that affects all its creditors, whether U.S. or not: the cost of funding assets that are not yielding anything, and the prospect of further enforced lending that will lock up more of their balance-sheet in long-term loans. The loan arrears may have to be transformed into new loans or capitalised and added to existing debt: as has been evident throughout the less-developed countries (LDCs) crisis, the possibilities for keeping seemingly dead loans alive are numerous, even when interest is not being paid. And the banks' participation in the next stage of the Argentinian rescue is essential: they have still to disburse $1bn of the $1.5bn package they agreed to last year.

However, as the Bank of England notes in its rather upbeat assessment of the world debt problem in its latest Quarterly Bulletin, the banks are in a stronger position to cope with the continuing financing needs of the LDCs, having increased their capital and set aside sizeable provisions against doubtful foreign loans. Continuing the flow of finance is the immediate task confronting the banks in Argentina and they need not be too distracted by the inconvenient timing of the end of the first quarter.

The dark side of efficiency

IT IS perhaps something more than a coincidence that the fourth successive monthly increase in the underlying level of unemployment should appear just as the Labour Party seems to have closed the electoral gap with the Conservatives. The public seems to understand what the Government remains so reluctant to acknowledge: high levels of unemployment seem to be here to stay, despite the success of the Government's policies in terms of output and living standards. There is little sign that even a sustained success on the now established pattern will make much of a dent in the total. Unemployment on this scale is not just a waste of potential, but a social evil in its own right, as the growing number of parents of unemployed youngsters understand. In four years the Government stand to be judged on whether it has tackled this problem; and four years, in this context, is a short time.

There is no escaping the gravity of the problem, and the published figures understate it in two senses. First, it is often argued that unemployment has been on a rising trend for well over a decade, with the implication that the Government's policies have simply not had time to change this deep-seated trend. However, up to 1979, a good deal of the trouble was simply demographic; employment grew a little, but not fast enough to match the growth of the labour force. Since 1979 the labour force has hardly grown at all; employment has fallen by 1½m. Further, if the numbers involved in make-work schemes are added back, the loss of jobs is nearer to 2m.

Mobile

The fact is that all over Europe the anti-inflationary policies adopted since 1979 have entailed a heavy cost in jobs. The U.S., which has been equally successful in tackling inflation up to now, has on the contrary created 17m jobs. The most obvious question which arises, then, is whether European deflationary policies have not been overdone. This is the sort of issue which ought to occupy a European summit, rather than squabbles over the small change.

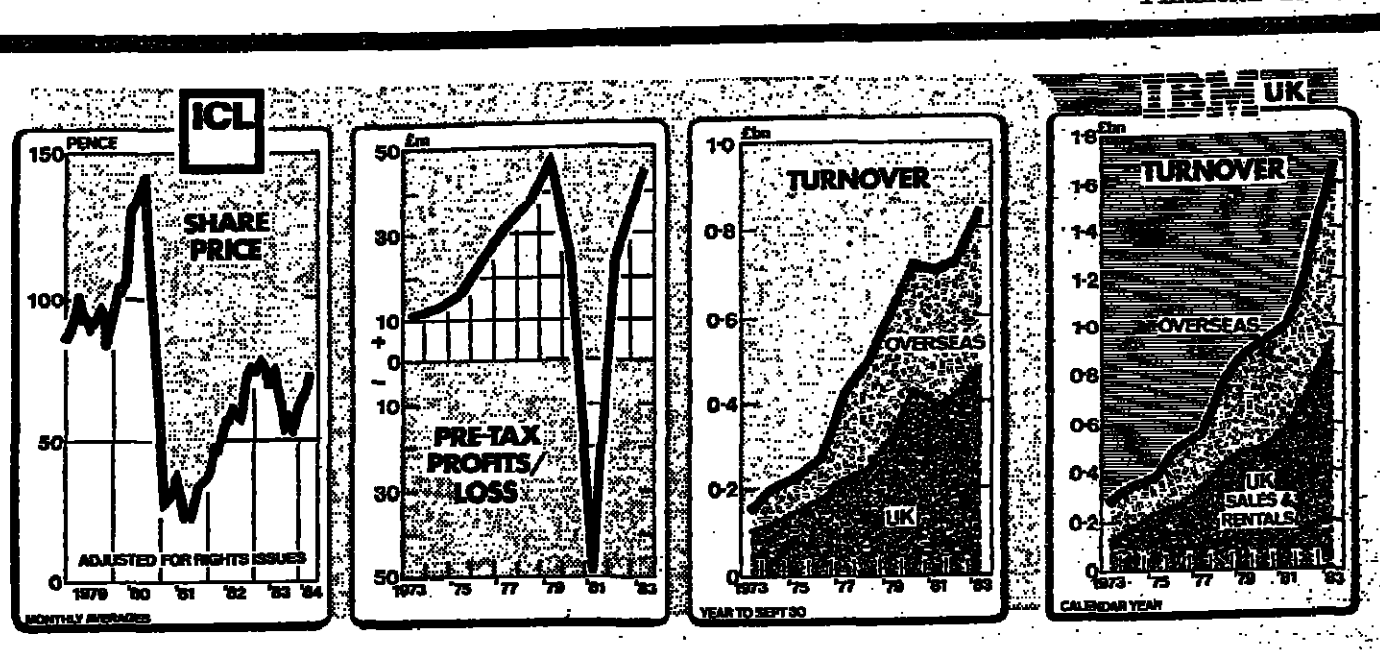
However, even a harmonious summit would be unlikely to agree on more than a cautious stimulus. It is widely feared that the U.S. expansion will soon turn into a re-inflation (though there is little direct evidence of this so far); and more important, it is clear that the American labour market functions in a very different way from any in Europe. Wages there have proved very responsive to cyclical pressures, with sharp cuts agreed in some industries. Labour is more mobile, and jobs less protected.

In Europe, wage negotiators have been sufficiently sobered by misfortune to have delivered settlements which have virtually stabilised unit costs in the normally low-inflation countries and have brought down the increase to well under 3 per cent in this country. Most of the increase in money wages has been earned in real terms and unemployment can be seen as the unacceptable face of productivity. Since nobody wants to push efficiency down and depress real incomes when a dynamic economy like that of Singapore deliberately uses wage pressure to divert investment into high productivity, problems can only be solved by growth.

Contentions

The question is rather how to give a more labour-intensive bias to future growth. The Chancellor made one change with this aim in his recent Budget, but the effect will be delayed. In any case, the problem is not just fiscal: heavy social taxes and a high level of job protection in Europe have raised the cost of creating jobs far beyond what the crude wage figures would suggest. It is no accident that unemployment in Benelux, where job and social protection is most highly developed, is the highest in Europe among the economically mature countries.

Tackling these and other barriers to mobility—notably in housing, where the Chancellor would like to do the politically impossible, but has failed to carry the Cabinet—will be difficult and contentious. But it is the kind of job this Government was elected to do and it should make a start. However, something quicker-acting may well be required socially and politically and here we must draw attention yet again to the savage and partly inadvertent cuts which have been made in public sector investment. Even if this were regarded as no more than a creative alternative to the dole, it would be worth considering.



Edwardes takes over

ICL fights for a place in the sun

Guy de Jonquieres reports

Trevor Humphries

Mr Michael Edwardes (left), and Mr Robb Wilmott.

WHEN Sir Michael Edwardes took over at BL in 1977, his most urgent task was to chop an over-extended industrial monolith down to manageable size. But from next Monday, when he becomes chairman of computer manufacturer ICL, his principal challenge will be to steer an already drastically slimmed-down company back on to an expansion path.

Sir Michael, who became deputy chairman last January, declined to be interviewed for this article. But, according to Mr Rob Wilmot, the company's managing director, the future direction is clear: "The next major phase is one of growth with profit, rather than the 'profit before growth' mode that we've been in."

Since ICL was rescued from threatened collapse almost three years ago, much management attention has focused on restoring its finances to an even keel. Savage cost-cutting and stricter management controls helped it to generate a pre-tax profit of £45.6m in the year to September 30—double the previous year's level. A debt-laden balance sheet has been restructured by two rights issues, and last year the company moved solidly into positive cash flow.

Under Mr Wilmot's energetic direction, ICL has also mapped out a fresh product strategy for several years ahead. Anticipating a trend which has since been followed even by IBM, the world industry leader, ICL has shed its former technological insularity and allied itself with partners including Japan's Fujitsu, Mitel of Canada and Britain's Sinclair Research.

But much of the City—and many of ICL's customers—have yet to be fully convinced that its new approach will pay off. While the share price stood yesterday at 68p, more than three times its low point in 1981, it still commands a modest multiple of 7.9, only half the average for the FT electronics index.

Though it is the biggest UK-owned computer company, and one of the four largest independent European suppliers, ICL is a tiddler in world terms. It is committed to supporting a broad range of products from microcomputers to large "mainframe" machines on the basis of little more than a 1 per cent share of the total world market for data processing equipment. Its £945.6m turnover last year was a mere 3 per cent of IBM's worldwide revenues of $40.2bn and barely half that of IBM's UK subsidiary.

Moreover, its pre-tax profit last year was only 5.4 per cent of turnover, against almost 25 per cent at IBM worldwide and 15 per cent at IBM UK. And despite a drop in staff to 22,600 from 34,400 at the end of 1979, ICL's turnover per employee last year amounted to £37,000, a third of the ratio at IBM UK.

Direct comparison with the phenomenally successful IBM, supplier of more than half of all large computers in use worldwide and now also a leader in personal computers, may seem unfair. But increasingly, IBM sets the terms of competition and is the yardstick against which most other manufacturers are judged.

The next 18 months will be critical to ICL's efforts to convince the world that it can survive in IBM's shadow. Much hinges on customer response to two new products, a compact medium-power computer called the DM1, to be unveiled later this year, and a much more powerful machine code-named Estriel, which is promised for next year.

Mr Wilmot says that the launches will amount to "a re-launch of the company." They will, he says, be as important to re-establishing ICL's credibility as was the recent introduction of the innovative Macintosh personal computer for Apple of the U.S., following its battering by IBM.

The launches will be the first real test of whether ICL can meet the demanding product introduction schedule which it laid out in 1981, and of its collaboration with Fujitsu, which is supplying ICL with advanced chip technology. (Estriel also owes its name to Fujitsu: it was inspired by the Japanese pronunciation of the original ICL codename, "S3L.")

Though ICL has expanded at the lower end of the market—partly by selling its cheaper products through independent dealers and computer systems houses—large machines costing upwards of £40,000 each still provide about half its turnover and yield fatter margins. Assuring a modern replacement for the current family of 2900 mainframe machines, the first of which was launched in 1970, has been essential to keep large customers loyal.

The company claims that orders for the 2900 range have held up well. "Right now, our biggest problem is building enough mainframe computers," says Mr Wilmot. Customers have been offered generous part-exchange terms on future models, and the 2900 series has been given a new lease of life by an ingenious system called CAFS, which speeds information retrieval greatly.

DMI and Estriel, developed at a cost of £100m, will be key elements in the company's longer-term strategy. This envisages a "networked product line," in which each piece of equipment will be designed to interconnect both with the company's own products and with those of other computer manufacturers.

ICL is banking heavily on the trend towards networking in applications such as office automation and electronic funds transfer to open up new markets. Mr Wilmot sees much of the company's future growth coming from a strategy of "surrounding" with ICL products existing computer installations supplied by other manufacturers.

The biggest target is obviously, IBM customers. But to try to compete by making "plug-compatible" equipment designed to operate exactly like IBM products would be an open invitation to ICL's own customers to defect en masse to the enemy. ICL's attempts to sell large IBM plug-compatible computers made by Fujitsu have, in any case, not been very rewarding. Only four have been ordered to date.

As industry leader, IBM sets many of the de facto technical standards for the inter-connection of computers. By frequently adjusting them, it can keep its smaller competitors on the run.

In an attempt to even the odds, ICL has been campaigning for "open" communications standards to which all manufacturers, including IBM, would have to conform. It and 11 other leading European computer and communications manufacturers agreed recently to start applying "open" standards to their products from next year.

But the battle is still far from won, and much may depend on EEC governments insisting on "open" standards for public procurement. This could be critical for ICL: almost half its £497m UK business last year was with central government, local authorities, and nationalised industries.

The British Government is enthusiastic about the idea, and the Department of Trade and Industry has set up a special committee to promote "open" systems. But how soon they will take hold is far from certain. Few corporate data processing managers today are planning on the basis that they will become commonplace quickly.

Meanwhile, an increasingly aggressive IBM is keeping up the pressure. It continues to exert a huge pull because its equipment is so widely used. Three of Britain's four biggest clearing banks, for instance, use IBM for their central data processing. British Telecom has also joined forces with IBM to operate an electronic funds transfer network, intended to be the backbone of tomorrow's "cashless society" in the UK.

J. Sainsbury, the food retailers, one of ICL's oldest and largest private sector customers, is also switching to IBM as the basis for a five-fold expansion of its computing facilities. It was not an easy decision, according to Mr Alan Jacobs, Sainsbury's data processing director. "There are features of the 2900 range which really are more advanced than IBM's 360/370 range," he says. "But in the end one has to live with mammon, and mammon today is IBM and the IBM world. The benefits of a rational strategy in line with the de facto IBM standards are absolutely clear."

The decision, though a blow to ICL, does not exclude it completely. Ironically, Sainsbury's recently bought from ICL a large IBM-compatible Fujitsu machine. ICL also beat IBM for an order to supply point-of-sale systems for trial in 33 Sainsbury stores.

But for all IBM's rivals, staying one step ahead requires unremitting effort, with little margin for error. Mr Wilmot argues that ICL can cut development costs through its collaborative ventures—though several, including the deals with Mitel and Three Rivers of the U.S., have taken much longer than expected to produce results.

The Government, however, believes that the company may need to broaden its business base in the longer term by developing closer working relationships with major UK customers. Late last year it suggested to British Telecom that it consider taking an equity stake in ICL.

But BT seems cool. Its hands are already full preparing for privatisation, and many of its top executives believe there is more to be gained by collaborating with IBM.

ICL executives, who say they know nothing of the proposal, are looking to overseas expansion for much of the company's future growth. An obvious potential market is the U.S. which provided only about 2 per cent turnover last year, and where ICL's approach remains low-key. Whether Sir Michael judges that a more aggressive strategy is needed may become clearer in the coming months.

HOW THE COMPANY'S PERFORMANCE WILL BE JUDGED

MANY IN the industry will judge Sir Michael Edwardes' impact at ICL by his success in galvanising the company with the drive and aggressive will to win displayed by top management.

Many customers have been impressed by ICL's new products and say that reliability—a weak spot in the past—has improved. The Government is also pleased by ICL's performance so far on a huge £40m contract to computerise the Inland Revenue.

But a common criticism is that it does not make the most of what it has to offer. "They're not very good at selling themselves," says Mr Colin Warwick, data processing manager of W. H. Smith, a major customer. "We just don't get a buzz from ICL."

ICL admits that it still has a "people problem" and needs to sharpen its response to the market. "You have to change a company's total philosophy. You can't do it just by changes at the top," says Mr Peter Bonfield, ICL's marketing director.

The company recently instituted searching "psychological aptitude tests" for senior executives—a technique employed by Sir Michael at BL—and is putting several hundred managers through intensive business school training.

A question of keen interest in ICL and outside is how Sir Michael and Mr Wilmot, both hard-driving personalities, will blend their management styles. "It's not going to be that different from the way Sir Christopher Laidlaw (the outgoing chairman) and I operated," says Mr Wilmot.

He expects Sir Michael to concentrate on putting into effect the more decentralised management structure towards which ICL has been moving in the past three years. "He's superb at these kind of things," says Mr Wilmot.

Men and Matters

Carry on in the City

Black-clad anarchists, stockbrokers against the bomb, punks, nuns, preachers and feminists. They descended on the City in droves yesterday. Clanking with chains, whistling and baying, hoisting draggled banners, they disrupted the normally sedate streets of the Square Mile for most of the day. But they did not quite achieve their main aim—to "Stop the City."

The "protest and carnival against war, oppression and exploitation" started as a rather jolly occasion, with punks standing side by side with City gents. But it did have its ugly moments. Windows were smashed in Lombard Street, smoke bombs were thrown outside the Royal Exchange and protesters had to be cordoned in by police.

But most City workers made their way to offices, suitably unimpressed by all the commotion

The major complaint was that traffic was snarled up.

Few seemed to know what the protests were all about. "I think it's some kind of Rag Day," said one banker. His American colleague was even less sure. "I'm all in favour of it, as long as it's in favour of capitalism," he said.

"I don't think much of their public relations," said another banker, who clearly did not get the message that was being broadcast.

In the pink

One of the best ways to get about the domenstration, it appears, was to dress up in a suit, carry an umbrella and, most importantly, a copy of the FT.

That, at least, was enough to get peace protester Gordon in and out of police cordons.

"I've had no trouble with the police all day but there's been a bit of abuse from fellow protestors" said Gordon who had travelled down from Oxford where he used to be a student.

The question of dress seemed to be a major one during the day's demonstrations.

"If they really want to be taken seriously, they should all dress up like us," said one pin-striped banker from the comfort of a City wine bar. "As it is, we've just hung out of the bank's window shouting abuse at them."

An insurance company salesman was equally unamused. "How can you take them seriously when they look so silly? They look like clowns."

The clash in dress reflected the clash in culture.

Three girls from Trent Poly, Nottingham, thought it would be stupid if all the protestors had dressed more smartly. "Today shows up the contrast between people who work in this area and those more colourful people in other parts of the country. Businessmen here don't see the other side of life."

Others set about spreading more colour around the City; orange flares were lit and pots of red paint were hurled at a cordon of police.

"Now we've lost our Arts Council grant, how do we pay the fine for performing without a licence on the GLC rally?"

Mixed feelings

Most of the demonstrators came to protest about the involvement of financial institutions in the arms trade. But splinter groups included those protesting about the repression and exploitation of women, the repression of animals and ecological destruction.

During the morning, there was a march to Fur Trade House in Little Trinity Lane, which attracted much police attention

But the protesters showed little inclination to organise their demonstrations. "We're not going to organise anything properly because it's important that people should be able to come along and express themselves as they like," said one woman from a Lambeth Women's peace group.

From such diffusion came considerable confusion, however. "What's it all about?" was the question constantly asked.

One girl, with admirable persistence, spent much of the day talking calmly to people while bedlam reigned

"I'm sure that if one or two people stop to listen to what we're saying, it will all have been worth it. It's difficult to get through to them, though, because they're living in a different world."

By and large, though, that different world managed to keep ticking yesterday, despite it all. The FT index rose by 6.6 points—and 360 protesters were arrested.

Firing line

Just across London, meanwhile, organisers of a much bigger protest were concerned lest the antics of the "Stop the City" crew should be linked to them. As it turned out, they had problems of their own.

A crowd variously estimated at between 10,000 and 60,000 had gathered and marched through the West End to demonstrate against the Government's plans to abolish the Greater London Council and the six metropolitan county councils and against the so-called "rate-capping" Bill.

Despite cloudbursts, it was an orderly and good-natured affair. Lines of floats and a seven-piece African jazz band lent a carnival atmosphere. But when it came to the end-of-march rally at Westminster Central Hall, things turned sour.

First signs of trouble came when John Cunningham, Labour's environment spokesman, was barracked for his refusal to support the go-for-broke budget plans of Liverpool council.

"Rubbish!" they cried, "stand up and fight!" It was sporadic heckling and Cunningham dealt with it capably. It was, however, merely a preface to the sustained booing and jeers that greeted Len Murray, TUC general secretary, and continued through his speech.

In front of assembled reporters and television cameras, the first brother of the union movement was roundly condemned as a "traitor."

Murray struggled through his address against calls of "Get behind the miners!" and "Get on the picket line." In the end, he snapped: "If the movement doesn't like me, it can chuck me out tomorrow and I will take that" (Cheers). "I am inviting you: pass your resolutions, get them through your unions, take it to Congress and I will pack my bag—then and not before."

Observer

POLITICS TODAY FROM TANZANIA

Land of hope and tragedy

By Malcolm Rutherford

DURING THE last few days I have been attending a UN conference in Arusha, Tanzania. Practically the only news that has filtered through from the outside world is the death of President Sekou Toure of Guinea.

Very little news seems to filter out of Arusha either; otherwise it would be more widely known what a desperate plight Tanzania is in. One of the most courted and admired of Third World countries is now visibly decaying.

Arusha is a fertile place. Although the rains are late this season, there is still plenty of greenery and there is water in the streams. Yet the fields have not been planted because the farmers have eaten the seeds. There is a shortage of virtually every commodity, even those which are locally produced. The bread supply regularly runs out and petrol supplies, although said to be improving, have been a nightmare. The union with Zanzibar is under strain.

There are other signs of a country in trouble: the censorship, the whispered conversations where people say different things in private than they do in public, the presence of a few more men on patrol with guns than seems strictly necessary.

In the streets people say softly "Change." Africans from other countries warn you if the warning were needed — not to go near them because they might be spies from the foreign ministries, seeking to plant currency charges on the unwitting foreigner.

Arusha was the place where in 1967 President Julius Nyerere made his declaration of the principles of Tanzanian socialism. It was to be not Marxist-Leninist, but based on African values of communal village life, decentralised decision-making and the virtues of self-reliance. President Nyerere became a hero among European socialists and churchmen. Even now the aid continues to pour in from such countries as West Germany, the Netherlands, Norway, Sweden and, of course, Britain, though such dependence on foreign aid seems at variance with the concept of self-reliance.

Something has gone badly wrong and it cannot be wholly explained either by the two oil shocks, or by the way African politics has not been kind to Tanzania. The country is in the forefront of the conflict with South Africa. It helped Zimbabwe to achieve independence and it intervened to overthrow Idi Amin in Uganda. If Africa were a more peaceful continent, the Tanzanian economy might be in better shape. But that is not the whole story.

Tanzania's imports last year cost $1.2bn. Its exports were worth $500m. The gap was closed by a mixture of foreign aid and soft loan. It was a moot question how long the aid and the loans will continue unless the country changes its ways.

Tanzania is in a running battle with the International Monetary Fund. The IMF insists that the country must agree to policy adjustments before help is forthcoming. The Tanzanian authorities say that adjustments have been made: for example, in the way of lower food subsidies. Yet, for the IMF, the adjustments never come fast enough

World Bank officials and, even more pertinently, those from the United Nations Development Programme are inclined to agree, at least with hindsight, that President Nyerere's socialist experiment in agriculture was too ambitious.

The attempt was made to impose a system of communes on a previously scattered way of rural life. Peasants were compulsorily moved. Old voluntary co-operatives were disbanded to be replaced by state marketing boards. Above all, there was no effective system of management to preside over the new method. The administrative structure was too fragile to deal with radical change.

Even for outsiders to raise those points creates new problems. The Tanzanian authorities say that they are being asked to betray their original principles. "Nothing," a senior official said, "that Tanzania does in the way of structural adjustment ever seems to go far enough to meet the IMF's demands. Asking us for policy changes is like asking to stop pursuing socialist policies." That is the impasse.

Of course, there are good things. Those who defend the present approach point to the establishment of near-universal primary education and to one of the highest literacy rates in the Third World—around 85 per cent.

There is also a visible thirst for knowledge. Walk into the street in Arusha with a book or magazine in your hand and someone will ask to have it. I came across a middle-aged femal hotel worker learning French in her spare time, so she could cater better for tourists. And tourism, in spite of the economic difficulties, is now being deliberately developed.

Water suplies, too, have advanced dramatically. The official claim is that about 50 per cent of villagers now have clean tap water. The question is how far such advances can continue with existing resources and existing policies. The view of the UN Development Programme is that, over all, Tanzania has been going backwards.

One priority that will not be changed under the present administration is foreign policy. The Foreign Minister is Mr Salim Salim, a candidate for the secretary-generalship of the UN last time who was blocked by the Americans.

Mr Salim said this week that he had to convince the people of Dar-es-Salaam that world disarmament was as important to them as their struggles for their daily bread. It is not a battle that he seems to be winning, but he will not give up easily.

Mr Salim was more effective, however, when it came to Africa. Here quite significant changes have been taking place in the last few weeks. South Africa and Mozambique have signed a non-aggression pact, and there may finally be a settlement in Namibia.

The non-aggression pact has thrown the rest of the front-line states — those which have a border with South Africa or, like Tanzania, are not too far away — into a tizzy. It is officially described as a "setback" and there is some sympathy for Mozambique's position. Mozambique has suffered from one form of warfare or another at least since the Portuguese revolution in 1974. Now any South African encouragement of rebels is to stop, and for that Mozambique must be grateful.

Yet in terms of the struggle against apartheid, "a setback" is to put it mildly. One of the top African diplomats said that there had been a change in the balance of power in South Africa's favour. Others went on to warn that Mozambique must be very vigilant against being drawn into South Africa's economic orbit.

The net result is that the policies of the front-line states are to be reassessed.

In 1976, there was a resolution of the Organisation of African Unity in Mauritius which said that an attack on one member state should be regarded as an attack on all — words taken, whether consciously or not, from Article 5 of the Nato treaty. Nothing has come of it so far. Even when South Africa attacked Angola, the rest of Africa was unable or disinclined to help in the smallest way.

The word among the front-line states is that all this will have to be reactivated. Meanwhile, the main struggle against apartheid will have to come from the African National Congress within South Africa.

Namibia is rather different. The official position of the front-line states is to be sceptical about the likelihood of a settlement. But it is also admitted that there is a ray of hope and that the Americans have recently been very active in trying to achieve one. Not least, front-line states believe that South Africa may want a settlement after all.

The test is going to be how far the Americans and South Africans insist on a settlement being linked to a Cuban withdrawal from Angola. That is still open. But I should add that if a settlement is not reached, relations between black Africa and the West will deteriorate still further.

The purpose of the conference in Arusha was for African leaders and UN officials to have frank discussions with representatives of the mass media, mainly African. One or two other interesting points arose.

For example, the Arabs and the Africans are sizing themselves up. How far, an Arab journalist asked, was the South African-Mozambique treaty comparable to that between Egypt and Israel? The French and the English-speaking Africans are also beginning to ask themselves whether they have more in common than they previously thought. One had not expected to be asked to stand in silence to mourn the death of Sekou Toure. The Commonwealth was mentioned not once during three days of discussion.

For the rest, Unesco and African governments seem to be at one in seeking to curb the freedom of the Press as it is known in the West, or at least to make it more receptive to government pressures. Some African journalists are ready to resist, but the penalty can be prison.

Yet the overriding impression was that of Tanzania, once a land of hope, becoming the tragedy of Africa.

Ashley Ashwood

President Nyerere: hero among European socialists.

Lombard

The real threat in 'video nasties'

By Nigel Andrews

THE Video Recordings Bill has passed its third reading and, short of a late surge of opposition from the House of Lords, will become law this summer. For a pro-censorship crusade which many see as a significant threat to the principle of free speech in the arts and media, there has been remarkably little exercise of free speech in and around the issue itself.

Yet the parameters of the Bill are substantially greater than would be needed merely to confine the alleged menace of the "video nasties." The only cassettes exempted from censorship will be those dealing with sport, religion or music, or those intended for education or information. And even these must be submitted for certification if they are designed to "stimulate or encourage" sexual activity or acts of gross violence.

Works already seen on television and not qualifying for exemption under the above headings will require a certificate before they can be marketed as cassettes. And so will works already passed by the British Board of Film Censors for cinema release: with the threat of a far less permissive standard being applied for viewing in the home than viewing in the cinema. In addition to the deterrent effect of the fine proposed on uncertificated videos (up to £20,000), the certification fee itself (currently £400) will be a serious disincentive to small video companies aiming their wares at minority audiences.

More disturbing still is the "thin-end-of-the-wedge" threat behind the facts and figures. Once the cumbersome machinery for vetoing or vetting works of art in the home is set in motion, it becomes ever more difficult to control or fine-tune its responses. Even if we now think it is beneficial to protect ourselves or our children from violent videos, there will be nothing to stop the machinery consuming, or taking large bites out of, films of recognised artistic quality like Hitchcock's Psycho, Bunuel's Un Chien Andalou, or Rossellini's Rome Open City. There are no provisions in the Bill which will ensure exemption for the gruesome but surely indispensable cautionary footage of Nazi concentration camps, should they ever be compiled for a video documentary; nor to protect works about the real, not gratuitously imaginary, terror of nuclear war.

Freedoms are hard won and carelessly lost. Many have already pointed out the irony inherent in a Conservative government pursuing the ideal of laissez-faire enterprise on the one hand (including the spread of cable television) while attempting on the other to put legislative barbed wire around what one Conservative MP has called our "exciting video revolution."

Time and again the debate about the films at the centre of this furore, the "video nasties," has been defined as a choice of evils. We must either protect our children, goes the argument, or own own freedom as adults: there is no practical way to protect both. And given that choice, our children must come first.

But the truth is that no one has even made the effort to think of ways to protect both. One way to protect children, if we truly believe they should be protected and that they cannot be physically prevented from seeing the "nasties," is to educate them in the skin-deep artifices of horror film-making. Anyone seeing today's most popular music video, Making Michael Jackson's Thriller, will already have begun to see how these bugaboo effects—monster faces, blood spurts etc—are created, and will have started to establish a distance from their impact.

Exposure to such demystification would help to ensure that both children and adults preserve their "freedom," and in the process their choices are multiplied not reduced. It would also help to exorcise the "evil" of a group of movies that are at present merely a pretext for far larger encroachments of censorship into our viewing.

At it is, a Conservative party that by tradition believes in individual freedom and an open market with plurality of choices, has joined hands with the other parties to effect a betrayal of both. The frontiers of the State are being rolled forwards not back.

Letters to the Editor

A trade-off for LAPR

From Mr B. Groom

Sir,—Mr Mills (March 20) referred to the withdrawal of life assurance premium relief and Barry Riley's article on Britain's life assurance industry on the Leader Page of the same day gave a possible hint why the life assurance companies appear to be taking it lying down—a point also made by Eric Short (March 15) and Mr Kennedy (March 21).

The subject of personal portable pensions has been isolated from the inquiry into provision for retirement led by the Secretary of State for Social Services and is being given preferential treatment at an unprecedented speed. The Centre for Policy Studies first published its proposals for portable pensions less than a year ago. Since then the authors of the report would appear to have been allowed to shift their ground every time one of their arguments has been negated. One of the original objectives for personal portable pensions was to solve the early leaver problem which is itself the subject of a separate consultative document outlining the Government's proposed solution.

Consider the respective time scales. The Occupational Pensions Board was first approached on the subject of early leavers in March 1978. Yet the Board's recommendations published in June 1981 are only now, broadly speaking, likely to receive the Government's endorsement. On the other hand the subject of portable pensions has only been considered for less than a year and it looks likely that conclusions will be reached very soon.

Are there grounds for suspecting that the reason why the life assurance companies are quiet on the removal of life assurance premium relief is because there has been a trade-off? Allowing employees to opt out of their company pension schemes and effect private policies would, after all, provide a brand new source of business for insurance companies.

Barry Riley reported Mr Weinberg as saying "and then you go out and sell something else." If the "something else" turns out to be a personal portable pension more people will be concerned about his membership of the five-man subcommittee on the subject.

Bernard Groom,
Glasgow International Business Centre,
50, Darnley Street, Glasgow.

Legitimate leasing

From Mr D. Robertson

Sir,—The legitimate leasing industry (March 21) will no doubt increase its rates to take account of the revised timing of capital allowances on those assets it leases.

Companies in the forefront of technical innovation which constantly update plant and operate in areas where plant lives are short will not be so fortunate. An asset with an economic life of five years and a residual value of nil will still have 25 per cent of its cost unrelieved for tax purposes when it is scrapped.

What is needed are more realistic writing-down allowances and the return of balancing allowances and charges on disposal.

D. V. Robertson.
54 Baker Street, W1.

Caught by the Budget

From Mr D. Doughty

Sir,—We recently moved to this small two-bedroomed house. Our modest purchase attracted £920 stamp duty; we do not benefit from the Budget.

On purchase, we decided to make a small extension, to provide a downstairs loo, a dining room and extra bedroom — a total of about 350 sq ft. We put all this in hand in November, but because these things take, we are told, about nine months from inception through planning, building to completion. Now our tight budget faces a crippling 15 per cent charge for VAT. If we withdrew, we forfeit £850 in architect's and planning fees; if we go on, we have to find an extra £1,800 VAT. We could not possibly have foreseen this when we started, and we cannot see how the work can be completed by June 1.

This sum is by far and away the largest tax bill I have ever had to face. I think some assistance should be given to people like ourselves who laid plans well before the Budget.

D. C. Doughty,
21 Dundale Road,
Tring, Hertfordshire.

Political objects

From Mr H. Wilson

Sir,—The committee stage of the Trade Union Bill has now been completed. I should like to comment on the Standing Committee's consideration of Clause 14, Political Objects, which seeks to define which expenditure of a trade union can be met from the union's general fund and which from the political fund.

Mr Alan Clark, the Under Secretary of State for Employment, explained this in the following terms: "It is clear that, when a campaign is about policies and their consequences, it is legitimate to fund it out of a union's general funds. When a campaign is aimed at persuading people to cast their vote for or against a political party it comes within the definition in paragraph (f)" — ie, the political fund.

Does the Government seriously expect unions — when considering to which funds to which to charge expenditure — or the courts to be able to differentiate between a political party in office and its policies.

The concept of trade unions being one body with two separate functions — one to regulate relationships between employer and employee and the other to further the goals of the Labour Party, is becoming more and more unreal as time time goes by. The two aims are separate, distinct, and as far as many members are concerned, irreconcilable. What is surely needed now is a complete separation. Already a union is required to have a separate membership and to keep separate funds. Why not let a union do what it likes in the political or any other area provided it sets up a separate body apart from the industrial trade union to do so? The officers of the industrial trade union would then have to satisfy its auditors that expenditure comes within the rules of the company regarding employer/employee relations.

Howard Wilson,
The Freedom Association,
Avon House, 360-366 Oxford Street, London.

Companies and employees

From the Director General, Engineering Employers' Federation

Sir,—In your leader (March 26) "Unions must be democratic," you drew a false parallel when you say that if unions get the point about democracy, employers must get the point about the need to consult employees. There is no trade-off here. Employers are already involving their employees, as evidence from the EEF and the CBI shows. Unions may, or may not, become more democratic — I hope they will.

The point of difference is this: unions belong to their members but companies do not belong to their employees. There is no analogy between the two relationships; to imply a connection is to muddle the situation and confuse the outcome.

James McFarlane,
Broadway House,
Tothill Street, S.W.1.

The Rates Bill: a disputed £1.5bn extra expenditure

From Mr P. Lilley, MP

Sir,—My letter (February 27) pointing out the absurdity of your correspondent, Mr Pauley's, claim that the Rates Bill would add £1.5bn to public expenditure sparked off a rebuttal from him and a rash of letters (March 2) against the Bill.

At least all your correspondents now seem to accept that the direct effect of the Rates Bill will be to reduce the spending of capped authorities. To explain the "Pauley paradox" your correspondents had to seek possible indirect effects on uncapped authorities. In fact, the main indirect effect is already becoming apparent — formerly extravagant councils are beginning to curb their spending for fear of being capped. Far from adding to public expenditure the Rates Bill is already reducing it before even reaching the statute book.

Your correspondents ignore that and look elsewhere. Tony Travers can do no better than to suggest that the primary indirect cost of the Rates Bill will be "time spent by Ministers and officials... masses of paperwork... travel... and litigation." He knows that won't cost the smallest fraction of £1bn. Tony Travers' second suggestion reflects a common misunderstanding which I would not have expected a man of his intellectual repute to share. He argues that a reduction in overspending will result in smaller penalties being paid by local authorities to the Treasury. This is perfectly correct but since both local authority spending and Treasury spending are part of public expenditure the net impact on total public expenditure of any changes in transfer payments between Treasury and Town Hall is zero.

Lord Underhill of the Association of Metropolitan Authorities makes the most ingenious attempt to explain the "Pauley paradox." He alleges that passage of the Rates Bill required a pledge to Conservative supporters that restraint on low spending authorities would be eased. "Mr Pauley's articles were an attempt to cost that pledge," Lord Underhill asserts. Unfortunately for this thesis, the pledge he refers to was not made to secure the passage of the Rates Bill. It was made during the rate support grant debate a week after the Rates Bill had secured a second reading with a majority of over 100. The pledge Patrick Jenkin made was "to set targets which take greater account of grant related expenditures and thus recognise the efforts which low spending authorities have made." That pledge was purely qualitative not quantitative. Indeed the Secretary of State went on to point out that "there is no way... of trying to put figures on next years' targets." Mr Pauley has seems to have ignored that warning.

This is not the first time Mr Pauley has made damaging predictions about government policy based on feeding unlikely assumptions about rates through a computer. Last November in an article entitled "Some rates rises to be very high" he published a list of alarmist predictions of rate rises due this spring. We are now in a position to see how they turned out. On his assumptions Cumbria should have raised the rates by 31 per cent —they have actually announced a 4 per cent rise; Avon and Northumberland were forecast to rise by 30 per cent — their actual increases are 6 per cent and 5 per cent, and so on. Acknowledging that "some will be even higher... and other rate increases will be smaller" he concluded "However, the analysis demonstrates that a large number of rate rises in excess of inflation are likely next April." Recently the Chartered Institute of Public Finance and Accountancy published its summary of all rate rises so far announced. They average 5.2 per cent, almost exactly in line with inflation.

I do not doubt that Mr Pauley's predictions then followed arithmetically from his assumptions. But since his assumptions were wrong so were his predictions. The numbers he has generated more recently may be equally perfectly computed from his assumptions. But since the assumptions are both false and unrelated to the Rates Bill, the same will be true of his predictions.

Peter Lilley.
House of Commons, SW1.

Robin Pauley writes: Mr Lilley misunderstands, inter alia, our analysis last November which was not an attempt to predict 1984-85 rate rises but a rational arithmetical computation of the sort of rate rises which local authorities would require if they wanted to maintain their published current expenditure at 1983-84 levels without either making cuts or utilising balances.

FINANCIAL TIMES

Friday March 30 1984

Curtains for the Pizza Time Theatre

By Louise Kehoe in San Francisco

PIZZA Time Theatres, a U.S. restaurant chain, readily admits to serving dreadful pizza. But when its downfall came yesterday, pizza connoisseurs insisted that uncontrolled expansion and lack of financial control were to blame, rather than any gastronomic shortcomings.

The Pizza Time Theatre chain was created by Mr Nolan Bushnell and grew rapidly to over 250 company-owned and franchised restaurants. It gave up the struggle to fend off creditors and landlords yesterday and filed for protection under Chapter 11 of the U.S. Bankruptcy Code.

The 116 franchised restaurants are understood not to be included in the bankruptcy filing.

"We are getting our creditors off our backs. We will have a chance to reposition the company and return it to profitability. All we have to do now is to figure out how to make good pizza," said Mr Henry Montgomery, president of Pizza Time since last week.

Food has never been an important aspect of Pizza Time operations. The circus-style restaurants were created to attract children and quickly succeeded in becoming the "in" place, among six-year-old sophisticates. A combination of video games, singing robots, animal rides and mazes styled after a large hunk of Swiss cheese provide all the ingredients for a fun meal, the young customers believe.

But Pizza Time grew too fast, too soon, according to market analysts. "Given an opportunity for fast growth through franchising and pressed by competition from the rival Show Biz Pizza Palace chain, they opened restaurants too close together," says Mr Michael Murphy of Venture Capital Management in San Francisco.

The Pizza Time novelty began to wear off last year and the company closed 10 unprofitable locations. This year, another 19 shut their doors, but it was not enough to stem losses of over $1m per week. Last week, the Bank of California demanded payment of its $50m outstanding debt, sealing the fate of the company.

Pizza Time's management has changed repeatedly over the past few months as founders and the original management team bailed out. The company's one successful venture, a video game subsidiary, run by Mr Bushnell, is now to be sold for what analysts regard as a "giveaway price" of $3.9m to Bally Manufacturing of Chicago, which makes arcade video games.

The sale will be subject to the approval of the bankruptcy court.

Paris to axe 20,000 steel workers' jobs

Continued from Page 1

steel industry losses, President François Mitterrand has sided with M Jacques Delors, the Finance Minister, and M Pierre Mauroy, the Prime Minister, against M Laurent Fabius, Minister for Industry. M Fabius argued that the universal rolling mill at Gandrange should be built to avoid major unrest in Lorraine.

The two groups made combined losses last year of FFr 10bn. Under the revised plan they will be expected to eliminate their operating deficit by 1986 and be fully in balance the following year.

The overall logic behind the Government's plan is to cut back surplus capacity in long products and to minimise the disadvantages of low quality Lorraine ore. It thus approved yesterday the building of two electric arc furnaces at Longwy and Neuves Maisons which will use scrap metal as feedstock.

The decision to cancel the Gandrange mill will be partly offset by modernising rolling mills at Valenciennes and Hayange.

Belgium wins go-ahead for steel debt transfer

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN Commission has authorised the Belgian Government to take over debts worth BFr 51bn ($957m) accumulated by Cockerill Sambre, the ailing state steel group.

The authorisation means that a major capital reconstruction of Cockerill Sambre can move ahead within the framework of the overall EEC plan to restructure the steel industry.

Under this plan, governments are no longer permitted to give steel companies fresh subsidies without Commission approval. Permission is granted only when the subsidies are linked to cuts in capacity and seem likely to lead to financial viability by 1986.

In this context, the Commission has told the West German Government that Hoesch can receive subsidies of DM 753.17m ($290m) and state guarantees of DM 300m; and that Salzgitter can have subsidies of DM 203.9m. The company is also seeking further aid of DM 154m and state guarantees of DM 250m.

Like Salzgitter, Cockerill Sambre needs further Commission authorisation to go ahead with its full restructuring plan, which is linked to cutting capacity from 9.7m tonnes in 1980 to 7m tonnes in 1986.

The Commission is still examining the prospects for Cockerill Sambre's financial viability and has not yet given permission for further subsidies of BFr 27bn needed to cover running losses and new investment.

The group is in the throes of a managerial reorganisation under control of M Jean Gandois, a French expert, hired by the Government first to devise a restructuring plan for the group and now to carry it through.

Negotiations are continuing with the unions on a plan to reduce wages by 10 per cent. If there is no agreement before April 1 the Government is prepared to use its special powers to decree a wage cut.

The cuts will be achieved by breaking into the normal system of wage rises achieved by indexation.

At the same time the management is seeking to shed nearly 9,000 jobs, about 1,000 more than the figure first suggested last May which constituted a cut of a third in the total labour force.

Belgian banks are now said to have worked out a scheme with the Government for advancing the additional BFr 27bn, once the Commission agrees.

Renault finds Japanese partner for high-technology venture

BY PAUL BETTS IN PARIS

RENAULT, the French state-owned car group, is to set up a joint venture with Stanley, a Japanese electronics company, in an effort to increase its presence in key high technology sectors of the motor industry.

The two companies will collaborate in the development of liquid crystal technology for dashboard instruments.

M Henry Streit, head of Renault Entreprises Industrielles, the division incorporating the group's truck and robotics activities, said yesterday that an agreement on the joint venture was expected to be signed by the end of May.

Stanley would have a stake of about 31 per cent in the venture, which would involve the construction of a plant in France and investments totalling between FFr 150m and FFr 170m ($18.8m-$21m). The deal will give Stanley a presence in the European market which a concern of its size would have found difficult to establish on its own.

M Streit said Renault would hold about 45 per cent of the joint venture with the remaining 25 per cent held by the state-controlled Matra electronics and defence group. M Streit added that two other French companies may be associated in the venture, which should start production next year.

Renault already uses liquid crystal technology for the dashboard of its R11 medium-sized car and its recently launched luxury R25 model. But M Streit said yesterday that the collaboration with Stanley would enable the company not just to cover its own needs, but eventually to market two-thirds of production to other car manufacturers. He added that liquid crystal technology also had applications in other sectors such as aviation, office equipment and telecommunications.

M Streit also disclosed yesterday that Renault is about to establish a joint venture with a U.S. group in the field of higher performing ceramics. The company plans to use ceramics in car engines but also sees applications in other industries.

Renault's most successful venture in car electronics so far is its 51 per cent holding in Renix, a joint venture with the U.S. Bendix group.

In a separate move, Renault has raised FFr 1bn in fresh funds this week through an issue of *titres participatifs* – non-voting loan stock which French nationalised companies are allowed to float to attract funds from private and institutional investors. The group raised FFr 1bn last October in a similar fashion.

Porsche share sale, Page 19

Jardine move casts shadow over HK

Continued from Page 1

dine for "rocking the boat" at a sensitive time in negotiations between Britain and China about Hong Kong's future. The talks are thought to be near to concluding an agreement that China will resume control of Hong Kong in 1997, but will promise it an autonomous government and a capitalist way of life.

Sir Geoffrey Howe, Britain's Foreign Secretary, will visit Peking and Hong Kong in mid-April. His visit is expected to be the occasion for an announcement of progress in the Sino-British talks. China has said it wants a deal finalised by September at the latest.

Yesterday's stock market jitters were a milder aftertaste of the crises which hit Hong Kong's financial sector last autumn. The Hang Seng index then dipped below 800, while the Hong Kong dollar hit a record low in September of HK$9.50 per U.S. dollar. The atmosphere at that time was tense, and may have contributed to a readier acquiescence by Britain towards China's plans for Hong Kong.

The resurgence of confidence in Hong Kong since last October owes much to a successful "linking" of the Hong Kong dollar to the U.S. dollar at HK$7.80 per U.S. dollar achieved last October.

Hong Kong dollar deposits, which declined in eight of the first nine months of 1983, rose 16.2 per cent in the three months to January this year. Investors also drew reassurance from China that, whatever might happen after 1997, nothing in Hong Kong would change before then.

Analysts say the main worrying factor of the Jardine announcement is its implication that Hong Kong companies and individuals could themselves accelerate an erosion of confidence in Hong Kong by seeking to pre-empt long in advance any possible consequences of the 1997 deadline.

But there was no consensus in Hong Kong yesterday that other companies could follow Jardine's suit. Mr Jimmy McGregor, director of the colony's chamber of commerce, said the company's decision did not signal the beginning of an open rush from Hong Kong.

Analysts speculating whether other companies might follow Jardine out of Hong Kong – at least on paper – note that its major rival, Swire Pacific, has traditionally been equity-controlled by Swire family private interests in London.

The Hongkong Land Company, an associate of Jardine, is virtually a pure fixed-asset company in Hong Kong, which could gain no perceived benefit from a change of domicile.

Another former Jardine associate, Hongkong and Kowloon Wharf Company, was taken over four years ago by Sir Y.K. Pao, the Shanghai-born shipping entrepreneur. A controlling stake in Hutchison Whampoa, another traditionally European firm, was bought five years ago by Mr Li Ka-Shing, the Hong Kong property magnate. The big long-term speculative question mark hangs over the future plans of the Hongkong and Shanghai Banking Corporation.

An important factor in the immediate future climate for the Hong Kong stock market is likely to be the tactics adopted by Hutchison's Mr Li Ka-Shing. The highly-regarded Mr Li this week declared a special dividend distributing some HK$1.7bn of Hutchison's cash balances. Analysts wonder whether Mr Li may be preparing a fresh acquisition, or simply wants the cash to reduce the borrowings of Cheung Kong (Holdings), his master property company.

Delors to aid small business

Continued from Page 1

"short law" to help boost the performance and creation of enterprises.

The main provisions of the new law include:

● A new savings account whereby an individual can deposit as much as FFr 200,000 ($25,000). This savings account called "*livret d'epargne entreprise*" is designed to help an individual to set up a business. Coupled with this savings account, prospective entrepreneurs will be able to benefit from bank loans with interest rates of about 8 per cent.

● Fiscal incentives for associations between researchers, enterprisers and financial backers to stimulate creativity, research and development within smaller enterprises. Moreover, fiscal incentives will be boosted for venture capital funds, and investments in data processing and automation by enterprises.

● To encourage employees or managers to buyout a company, the law envisages a system whereby a holding company would be set up financed by the salaried workers, by financial institutions with shares in the company and by loans. The Government wants stock option plans to be linked to eventual company buyouts.

● Tax write-offs will now be possible to encourage profitable enterprises or individuals to take over troubled concerns in depressed areas.

● The Government is extending by another two years its fiscal incentives for the creation of new small enterprises which are exempt from paying taxes on profits for three years.

Thyssen chief to face stiff test over dividend

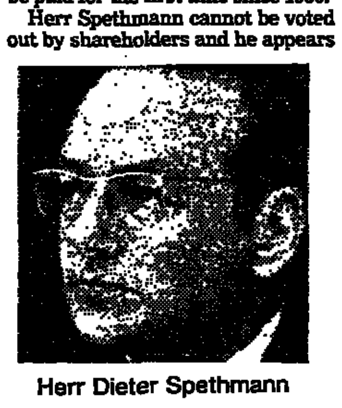
By James Buchan in Bonn

HERR Dieter Spethmann, the chief executive of Thyssen, Europe's largest steelmaker, will face one of the stiffest tests of his career today when he goes before shareholders to explain his decision to drop the company's dividend.

As many as 2,500 shareholders are expected to pack the Mercator hall in Duisburg today after Deutsche Bank and Dresdner Bank, which have seats on Thyssen's supervisory board, informed their proxy clients that they could not recommend approval of the company's 1982-83 audit and asked that they attend in person.

Thyssen closed its last business year with a net loss of DM 550m ($212m), its worst result in the post-war era, and Herr Spethmann and the board advised that no dividend be paid for the first time since 1956.

Herr Spethmann cannot be voted out by shareholders and he appears



Herr Dieter Spethmann

to have a majority on the 21-strong supervisory board, not least because the 10 workers' representatives are behind him.

However, today's meeting representing over 200,000 shareholders marks the climax of a campaign of criticism of Herr Spethmann, at times amounting to intrigue.

Herr Spethmann, who has just turned 58, is blamed for his acquisition in 1978 of the Budd Company in the U.S., which has cost Thyssen about DM 1bn to date, although all but one division has recovered, Herr Spethmann says. He is also accused of scuppering last year's planned merger with Krupp which was favoured by both the banks and the Bonn Government.

Apart from the two main banks, whose reticence may simply be a defensive measure, Herr Spethmann must also contend with the hostility of the Allianz insurance company, which owns a significant stake, and of Herr Hans-Günter Sohl, the honorary chairman of the supervisory board and Herr Spethmann's predecessor as chief executive.

Herr Sohl's privately-printed memoirs, which are not particularly favourable to Herr Spethmann, are circulating widely in the Ruhr.

Earlier this week, however, Count Claudio Zichy-Thyssen, who represents the Thyssen family's 20 per cent stake on the supervisory board, wrote from Buenos Aires bitterly criticising Herr Sohl and throwing the family's weight behind Herr Spethmann.

Citibank tests law with new venture

By Terry Dodsworth in New York

CITIBANK, the largest U.S. banking group, has thrown down a further challenge to the regulatory authorities in its fight for nationwide banking by marketing of a new package combining credit card, savings and cheque facilities in three metropolitan areas.

The venture is designed to skirt the restrictions on deposit taking which limit virtually all banks in the U.S. to one local area.

Citibank, based in New York, has been the most aggressive proponent of nationwide banking and has introduced a scheme which enables it to collect deposits from outside its own branch network, using the mail services through its Visa and Mastercard holders.

It is now proposing to launch a more elaborate scheme for a Citibank "financial account" which will allow customers a range of banking services through cash dispensing machines, the mail and telephone services, without requiring a branch network.

This is to be launched in Atlanta, Tampa, and Minneapolis-St Paul.

U.S. banks are allowed to extend loans outside their own catchment areas through special loan offices, but the main thrust in interstate banking is coming through regional networks.

Earlier this week, the Federal Reserve Board effectively put the stamp of approval on this movement by authorising two merger proposals between banks in Connecticut and Massachusetts.

THE LEX COLUMN

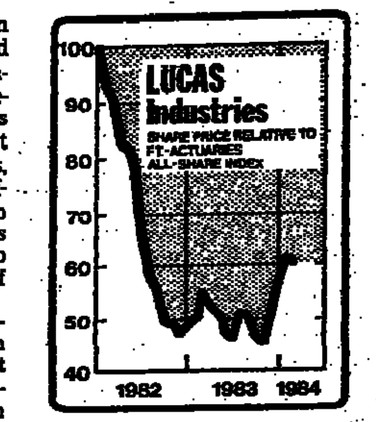
Slow recharge for Lucas

Three years into recovery, when bounding profits are being reported from the darkest corners of the engineering industry, Lucas has become something of an enigma to its followers. It is still sending out news of rising rationalisation costs, and although there is a pre-tax profit of £3.5m for the six months to January to set against last year's £5.2m loss, even that amounts to little more than 0.5 per cent of sales.

The root of the matter is that Lucas is continuing to lose money in its UK automotive business, if not quite so rapidly as in the corresponding half last year. Although the after-sales market is at last beginning to show signs of revival, lagging behind the sustained advance in new car registrations over the past two years, Lucas is even now coming to terms with the structural decline in what used to be its staple source of high-margin sales.

The latest £10.9m slab of redundancy and closure charges is almost entirely an investment in reducing costs in this activity, much of it attributable to the effort of consolidating production in fewer sites after the automotive electronics deal with Smiths Industries a year ago. One assumption underpinning the share price at 220p must be that this shrinkage process has come somewhere near its end, leaving Lucas in a position to generate serious automotive profits in the more profitable second half of its year.

Apart from its loss-making involvement in Ducellier, where the sheer length of the negotiations on "long-run viability" suggest that Lucas's French partners have most of the cards, the rest of Lucas seems to be in fair health. Aerospace profits were down by about a quarter (apparently as expected, by Lucas at least) but recovery here will presumably follow the expansion which is developing in the airframe market. All in all, there is a reasonable chance that this year Lucas will not have to pay its dividend entirely from reserves.



Hong Kong

Hong Kong's stock market responded with predictable venom yesterday to Jardine Matheson's removal announcement. The Hang Seng Index fell almost 10 per cent within the first hour of trading and, even though institutional support had cut those losses roughly in half by the close, the subsequent mood in London remained very gloomy. Normally sanguine brokers could be heard muttering that they would never again buy a Jardine product.

The question facing the market is whether Jardine's decision will in a few weeks be seen as just another of the upsets which punctuate the Hang Seng or whether it could precipitate a genuine crisis in business confidence. The expatriate establishment was doing everything possible to mend fences yesterday but the Bermudan re-registration has clearly placed an additional burden on the politician in next month's round of talks.

If the fall-out from the Jardine statement is not speedily contained, the company will have made not only a catastrophic error of timing but a grave commercial misjudgment. Yesterday's 10 per cent fall in the Jardine share price may have contained an element of spite – particularly among those who swallowed Hongkong Land's placing of 72m Jardine shares two months ago – but it also reflected the potential damage which the announcement has caused to the group's earnings prospects, apart from anything else, incidents of this kind make it increasingly difficult for UK fund managers to justify Hong Kong investment to any but the most liberal trustee.

Harris Queensway

Having built a formidable reputation for selling carpets and furniture, Harris Queensway is eager to try its hand in other areas. The chance to sell shoes slipped away from it last week as the Stylo offer lapsed, but now it is finalising an agreement with Debenhams which will allow it to see what the Harris touch will do for electricals and give it some insight as to what makes department stores tick.

Financial details are sketchy, but it looks as if Debenhams is ceding control of furniture and carpet retailing in its stores for a substantial stake in a joint venture where Harris's undoubted flair and buying power are intended to improve margins beyond recognition. The additional carrot for Harris is that it receives a stake in Debenhams' electrical retailing business, an area in which it has made little secret of an ambition to eventually open its own chain of out-of-town stores.

If Debenhams needed convincing of Harris's ability, it got ample evidence yesterday. Pre-tax profits are up 57 per cent to £25.6m in the year to December. The result was a shade below best expectations but Queensway's store opening was held up by building delays. Thirteen Queensways opened their doors in the final six months, 11 of them in the last 10 weeks.

Their impact is now being felt. Sales in the first quarter of the current year are up 30 per cent, of which a third comes from the growth in selling space, and profits could reach £35m or more, no matter what comes out of Debenhams.

UK productivity

Yesterday's March unemployment figures for Britain heavily underscore the message of the Bank of England's latest Quarterly Bulletin. While an increase of 11,000 in the seasonally adjusted total may not say much about the direction of the underlying trend, it is clear that – even allowing for the aberrant influence of special employment programmes – UK manufacturing industry is increasing its output without creating anything like commensurate growth in employment.

The remarkably strong February export figures, reported earlier this week, endorse the impression that the UK's non-oil industry is at last improving its competitiveness on the back of gains in productivity. Company chairmen, who have been reporting in droves over the past fortnight, sound far more confident than at any time during the past five years. Being well placed to take advantage of the upturn when it occurs is mercifully no longer the standard message of the preliminary statement.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	14	57	Dubrovnik	S	16	61	Malaga	S	18	64	Salzburg	C	11	52
Akrotiri	S	21	70	Faro	S	17	63	Malta	S	20	68	Seoul	C	14	57
Algiers	S	18	64	Florence	R	14	54	Manila	C	35	95	Singapore	R	30	86
Amsterdam	C	6	43	Frankfurt	R	7	45	Miami	F	30	86	Stockholm	C	1	34
Athens	S	18	64	Funchal	S	18	64	Milan	C	9	48	Strasbourg	C	8	46
Bahrain	C	24	75	Geneva	C	8	46	Moscow	C	3	37	Sydney	C	21	70
Bangkok	C	36	97	Gibraltar	S	17	63	Munich	R	6	43	Taipei	C	19	66
Barcelona	S	18	64	Guernsey	S	9	48	Nairobi	-	-	-	Tangier	F	17	63
Beirut	S	21	70	Helsinki	C	3	37	Naples	C	13	55	Tehran	-	-	-
Belgrade	C	20	68	H. Kong	C	21	70	New Delhi	-	-	-	Tel Aviv	S	25	77
Berlin	F	15	59	Innsbruck	R	7	45	New York	R	4	39	Tenerife	C	19	66
Biarritz	C	10	50	Inverness	F	6	43	Nice	F	14	57	Tokyo	C	17	63
Blackpool	C	7	45	Istanbul	-	-	-	Oporto	R	10	50	Toronto	F	6	43
Bordeaux	F	12	54	Jersey	D	10	50	Oslo	Sn	0	32	Tunis	F	17	63
Brussels	C	7	45	Jo'burg	C	19	66	Paris	R	7	45	Valencia	S	19	66
Budapest	F	18	64	Las Palmas	F	20	68	Prague	S	15	59	Venice	R	11	52
B. Aires	C	18	64	Lima	S	25	77	Reykjavik	F	-1	30	Vienna	F	19	66
Cairo	C	24	75	Lisbon	C	14	57	Rio de J'o	S	27	81	Warsaw	F	13	55
Cape Town	-	-	-	Locarno	Sl	1	34	Rome	R	13	55	Zurich	C	6	43
Caracas	C	31	88	London	R	8	46								
Casablanca	F	18	64	Los Angeles	S	24	75								
Copenhagen	F	6	43	Luxembourg	C	6	43								
Corfu	S	17	63	Madrid	R	11	52								
Dublin	C	9	48	Majorca	S	16	61								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Snow Report

EUROPE

Andermatt (Sw)	140–280 cm	Blown snow on hard base
Arosa (Sw)	130–175 cm	New snow on good base
Avoriaz (Fr)	150–350 cm	Powder on hard base
Crans (Sw)	80–170 cm	Good skiing everywhere
Flaine (Fr)	180–380 cm	Good skiing in all areas
Isola (Fr)	180–200 cm	Limited runs. Avalanche danger
La Plagne (Fr)	160–380 cm	New snow, varied base
St. Anton (Aus)	45–410 cm	New snow on hard base
Val 'Isere (Fr)	125–140 cm	Powder on hard base
Verbier (Sw)	40–200 cm	Becoming heavy
Wengen (Sw)	30–130 cm	New snow on good base

European reports from Ski Club of Great Britain representatives.

THE U.S.

Sugarbush (Vt)	7– 42 ins	Loose and frozen, new forecast
Aspen (Col)	22– 75 ins	Powder and packed powder

Figures indicate depths at top and bottom stations.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Friday March 30 1984

Coleco to lay off 1,300 Adam computer staff

BY LOUISE KEHOE IN SAN FRANCISCO

COLECO INDUSTRIES, the home computer and toy company, will lay off about 1,300 production workers at its New York home computer factory this week. The workforce reduction is attributed to disappointing sales of the company's Adam home computer, introduced last year.

Coleco said the layoffs are partly due to "increased automation and other productivity improvements," and to seasonal fluctuations in home computer sales.

Earlier this month, Coleco announced over 400 redundancies at its home computer plant.

Coleco claims, however, that it expects to recall a portion of the laid off employees during the second quarter of 1984 when additional software for Adam is scheduled to go into production.

Coleco's reduced production of Adam computers could create serious doubts about the product *among software developers, retailers and consumers.*

"The announcement will have a ripple effect. The software companies will be scared off, then consumers will not buy Adam because *the software is not available and for fear of obsolescence should the* product be discontinued," said Miss Tricia Parks, a market analyst with Future Computing of Richardson, Texas. "The bad news is mounting up against Adam."

Coleco's entry into the home computer market has been fraught with problems. Adam, a $600 home computer system that incorporates a tape drive and printer, was introduced last year. But production delays prevented Coleco shipping the product in volume for the Christmas buying season. Widely reported reliability problems, denied by Coleco, created further scepticism.

Coleco reported a $35m loss for *the fourth quarter of 1983, blaming* it on "*extremely high costs associated with bringing Adam to the market.*" The company said it had sold 95,000 units during the fourth quarter, one fifth of its original projections for the product.

Porsche share sale to fund expansion

By John Davies in Frankfurt

PORSCHE, the family-owned West German sports car company, has seen a rapid increase in car sales so *far this financial year, on top of a* strong advance on sales last year.

The company is now laying the basis for future expansion with a capital increase and opening the business to outsiders with a stock market listing of non-voting preference shares.

The moves will strengthen Porsche's financial situation by increasing its basic capital by a nominal DM 20m to DM 70m ($27m) – DM 15m to be issued at par and DM 5m at stock market prices.

The related Porsche and Piech families will sell to the public 30 per cent of the increased capital – with a nominal value of DM 21m – in the form of non-voting preference shares to be listed on the Frankfurt, Stuttgart and Munich stock exchanges.

A further 20 per cent in the form *of listed non-voting preference* shares with a nominal value of DM 14m will remain in family hands.

Dr Ferry Porsche, son of the company's founder, said yesterday that family members would be free to sell or hold their preference shares at will. But voting shares will continue to be subject to an option giving family members the first right of purchase in order to prevent outsiders getting any voting influence in the company.

The decision to make a stock market launch was triggered by moves by two members of the Piech family to sell to Al-Mal International, the London merchant bank, and ABC-Daus, the Frankfurt private bank.

The shares are to be placed by Bayerische Vereinsbank, Deutsche Bank and the Landesgirokasse in Stuttgart and will be limited to 100 shares per person. They are expected to be listed by the end of April or beginning of May, but the price has not yet been settled.

ITALY'S STOCK MARKET REGULATORY AUTHORITY HAS A NEW PRESIDENT

Piga welcomes Consob challenge

BY ALAN FRIEDMAN IN MILAN

"I AM not an optimist or a pessimist. I am a realist".

Sig Franco Piga, the veteran Rome politician who has just taken over as president of Italy's troubled stock market authority, is a man who hedges his bets. Having been variously a judge (in the 1950s), the Prime Minister's cabinet secretary (in the late 1960s), president of a leading medium-term lending bank and head of a commission on the reform of state holding companies (in the 1970s), Sig Piga has had enough experience of the Byzantine world of Italian politics to be a realist several times over.

Now, as president of Consob, the stock market authority whose last president said it had "never been born", Sig Piga will need to draw heavily on his skill at behind-the-scenes lobbying and diplomacy if he is to make any impact at all. In many ways the 57-year-old Christian Democrat is facing the challenge of his life, trying to build investor confidence in a stock markt notorious for its insider trading and trying to bring into force the legislation which could give Consob the *teeth it so badly needs.*

He spent this week in Milan, pumping the hands of the city's financial elite, attending receptions and dinners and paying courtesy calls around the bourse. There is no doubt that Sig Piga has a job ahead of him. His appointment in late January, while welcomed by some, was met with scepticism from many in the tight world of Milanese finance. After watching the ineffectual Sig Vincenzo Milazzo resign last October, Italian bourse-watchers bemoaned the fact that since its creation in 1974, Consob has had only one president of any stature – Professor Guido Rossi, the highly active leader who resigned in 1982 after the crash of the newly quoted Banco Ambrosiano.

But Sig Piga is viewed as someone with the necessary clout to lobby the Bank of Italy, the Treasury and Parliament to put into action legislation which was drafted three years ago to increase staff and budget and give Consob the chance to do what it was really designed for. Parliament has refused to approve legislation which would give Consob the funds it needs to operate effectively, and if anyone can steer the Consob legislation through the labyrinth of conflicting Italian interests it is Sig Piga.

Sig Franco Piga

Pausing during a hectic schedule *in Milan this week he spoke of the* need to spend three weeks of every month in Rome and only one week in Milan, where the main Italian bourse is located. He has just opened a small office in Milan, the first time the stock market authority has actually had a physical presence here. But this separation is not so unusual, he maintains: "For example, the bulk of industry is in the north of Italy, but the Ministry of Industry is in Rome."

Apart from the need to battle with political leviathans in Rome for Consob, what does he propose to do about the regulation of the bourse? Here, Sig Piga says all the correct things: "We need to bring the share dealings inside the bourse (80 per cent of all trades take place away from the official market), we need to bring more companies to the market, we need to urge companies to capitalise adequately (chronic undercapitalisation remains a problem), we need to continue to improve accounting procedures (external auditing and consolidated reports are only now becoming a regular financial practice) and we need to protect investors and ensure they have sufficient information".

Sig Piga speaks of the "willingness" of the leading banks, which by his estimate carry on more than 50 per cent of all trading away from the bourse, to work for reform and more regular dealing practices.

The new Consob president hopes that the evolution of new investment funds will be a positive factor in attracting small investors.

But are the Italian authorities – who must issue reams of tax-free and high-yielding Treasury bonds to feed a $60bn public-sector deficit – really interested in seeing the Milan bourse grow into an important financial market? Professor Rossi last year said he thought the Government might find it hard to countenance the growth of a stock market which would compete for the public's savings in these circumstances. Roughly three quarters of Italian savings are in Treasury bills and bank accounts.

Italian shipping crisis marked by heavy losses for state lines

BY JAMES BUXTON IN ROME

THE CRISIS in Italy's state-owned shipping fleet has been underlined this week by reports of heavy losses for 1983 by three of the main lines – about one fifth of their 1983 turnover of more than L500bn ($310m) between the three.

The three lines – Italia Navigazione, Adriatica and Lloyd Triestino – are subsidiaries of Finmare, which in turn is owned by the state industrial holding company IRI. IRI is trying to implement a recovery *plan involving cuts in crew and* administrative staff and possibly the sale of ships.

Italia Navigazione this week reported a loss of L14.5bn on sales last year of L135bn, compared with a loss in 1982 of L3.8bn. Adriatica reported losses in excess of L20bn on sales of L75bn, compared with a loss of L11.6bn in 1982.

Lloyd Triestino is due to hold a board meeting today in Trieste, north-east Italy, and is expected to report a loss of more than L70bn on turnover of about L300bn. In 1982 it lost L56.8bn.

Prof Romano Prodi, chairman of IRI, last year dismissed the entire *board of Lloyd Triestino. Unions* have been consulted about plans to cut the staff of the three lines by nearly 3,000, but more sweeping measures to reduce losses are also contemplated.

Agreement is thought to be close on the sale of 15 per cent of another state-owned shipping line, Almare, to Cameli, a private shipping company, which would also lease the line's seven bulk carriers for a long period.

● Italintianti, the plant engineering company which is part of the IRI-Italsider group, increased its profits last year from the 1982 figure of L7.7bn to L20bn, despite a *fall in sales from the 1982 figure of* L838bn to L662bn. The Genoa-based company says it has a good order book and has recently completed some major overseas contracts.

Electrolux Italian plan

BY KEVIN DONE IN STOCKHOLM

ELECTROLUX of Sweden, one of Europe's leading manufacturers of household appliances, has reached agreement with Italian central trade union negotiators over terms for withdrawal from its Italian sales operations.

The company has been making losses on its direct sales, door to door, of vacuum cleaners in Italy for a number of years, and it has decided to sell the activities to some of its former agents who are setting up five separate regional dealerships.

The closure terms will be considered by local trade union officials in Miland, Electrolux's base in Italy, *on Monday. A total of 142 workers* are affected; about 80 will be made redundant, 50 will be offered employment with the new dealership and the rest early retirement.

In unrelated talks, Electrolux is still considering some form of co-operation with Zanussi, the leading Italian household appliance manufacturer, which is being restructured after running up heavy losses.

Banque Worms setback

BY DAVID HOUSEGO IN PARIS

BANQUE WORMS, the French investment bank, suffered a further fall in net profits last year as the result of increased provisions both in France and abroad.

But it is considering raising fresh capital of between FFr 150m and FFr 200m ($25m) through the issue of *titres participatifs* the instrument combining features of bonds and equity finance by which French nationalised concerns are obtaining new funds without ceding voting rights. The banks' capital to loans ratio is at a low 3½–4 per cent, like that of many other French banks.

M Georges Vianes, the chairman, confirmed that Banque Worms was *still interested in an "alliance" with* another French bank whose interests would be complementary to its own. The bank, the fourth largest French investment bank, declined last year to enter into collaboration with Banque Vernes or Banque Parisienne de Credit after talks between the three chairman.

Net profits after tax, provisions and depreciation fell to FFr 12m after FFr 16m in 1982

Commerzbank sees drop in profits after a strong 1983

BY JONATHAN CARR IN FRANKFURT

COMMERZBANK, one of West Germany's biggest commercial banks, believes operating profits may fall slightly this year after the record results of 1983, when group earnings for the first time surged past the DM 1bn mark ($386m).

But Dr Walter Seipp, the chief executive, stressed that the 1984 profit would again allow a dividend payment as well as big new provisions against credit risks, above all those abroad.

Commerzbank has just announced that it proposes to pay a DM 6 dividend per DM 50 share for 1983, after boosting net profits at the parent bank by 146 per cent to DM 151m and in the group by nearly 100 per cent to DM 213m.

The payout is the first by the bank since 1979. It reflects a marked improvement in the structure of Commerzbank's business, as well as good interest earnings common to virtually all banks last year.

While operating profit of the parent bank rose by 65 per cent to DM 816m, total assets were up by only DM 1bn to DM 67bn and business volume was static at DM 69bn.

For the group, which includes the key Luxembourg subsidiary, *operating profit was close to DM* 1.2bn, with assets up 4.6 per cent to DM 113.3bn.

The figures underline that Commerzbank, not least because of tough banking consolidation rules to be introduced soon, is concentrating firmly on earnings power, not business expansion.

Dr Seipp stressed that Commerzbank did not plan to enlarge its international organisation in the near future, apart from opening a credit office in Osaka next month.

Further expansion was only justified if Commerzbank could consistently earn a better rate of return abroad than it could at home. At present this was not the case, Dr Seipp noted.

The parent bank's net interest income last year rose by nearly 30 per cent to DM 1.8bn, thanks above all to an increase in the interest margin (for foreign and domestic business together) to 2.6 per cent after 2 per cent in 1982. Net commission income was up 19 per cent to DM 602m.

In the first two months of this year the interest margin had eased to 2.52 per cent and it is likely to go lower – one reason for the belief that overall operating profits may be down a bit.

Underlining the continuing hazards of the international lending business in particular, Dr Seipp revealed that most of the parent bank's operating profit of DM 816m would be used to bolster risks provision.

It was also announced that the group as a whole would be setting aside more for risk provision than it did last year. But exact figures were not stated and the profit and loss account did not show the precise sum involved.

Mystery buyer of Disney stock emerges

By Terry Byland in New York

MR SAUL STEINBERG identified himself yesterday as the mystery buyer of stock in Walt Disney, the U.S. film and entertainment group, which has been the subject of takeover speculation on Wall Street recently.

Reliance Financial Services, a wholly owned subsidiary of Reliance Group, the $3.4bn assets company owned by the Steinberg family, bought 2.2m shares in Disney, or 6.3 per cent of the equity, in the stock market during the fortnight ending last Wednesday at prices valuing the stake between $112.2m and $144.4m.

In its filing with the Securities Exchange Commission (SEC), Reliance Financial said it has "no present intention of participating in ba*sic business decisions of Disney*" but reserves the right to cease being a passive investor at any time. If Reliance ceases to be "passive" it will have to file notification under the Scott-Hart-Rodino Act before buying any more shares.

Stock in Disney has been rising since the resignation from the board on March 9 of Mr Roy Disney, nephew of the late Walt Disney and the largest stockholder, with 2.2 per cent of the equity.

Market speculation linked the stock rise with hopes of a bid from Mr Rupert Murdoch, but the Disney directors said last week that they knew of no suitors. The Reliance Financial filing indicates that its Disney stake was bought in the open market.

Wall Street has taken a neutral view of Disney's trading prospects, despite box office success for two recent film releases.

Japanese deal, Page 20

Hitachi and GEC end joint venture

By Jason Crisp in London

GENERAL Electric Company of the UK and Hitachi are ending their five-year-old joint venture making colour televisions in South Wales.

The two companies agreed yesterday to end the venture from today. Hitachi will buy out GEC's 50 per cent stake and will continue to run the plant.

The two companies spent £2.75m ($3.96m) re-equipping and modernising the plant which can produce *about 260,000 television sets a year.*

But GEC-Hitachi was involved only in the manufacture of televisions and the companies had separate sales, marketing and service operations.

GEC will continue to sell televisions in the UK and will buy them from Hitachi which also supplies GEC with video recorders and video disc players.

The move marks the end of GEC's manufacturing of traditional consumer electronics items.

Intel plans U.S. plant

BY LOUISE KEHOE IN SAN FRANCISCO

INTEL Corporation plans to establish what is believed to be the first major semi conductor chip assembly plant in the U.S. All high volume assembly of semi conductor devices is performed at present outside the U.S. in areas with low labour costs.

"We are able to build a cost-*effective component assembly plant* in the United States for the first time because the assembly process is becoming increasingly automated and therefore less labour-intensive," said Dr Gordon Moore, Intel's chairman and chief executive.

Construction of the assembly plant in Chandler, Arizona, will begin this year with operations scheduled to start in the second half of 1985. "This new plant is another step in our programme to meet high demand levels for our products." Dr *Moore said.*

Last week, Intel announced plans to build a $300m manufacturing plant near Albuquerque, New Mexico.

Gruppo Finanziario up

BY OUR MILAN CORRESPONDENT

GRUPPO Finanziario Tessile (GFT), one of Italy's largest private clothing manufacturers, last year saw its net profits increase by 16 per cent to L5.6bn ($3.6m). The Turin-based company, which employs 6,000 and manufactures clothes for a variety of designers including Armani and Valentino, said its earnings had been aided by a rise in exports.

GFT's 1983 turnover rose by L33bn to L434bn, of which exports represented L105bn of sales. The overseas sales were up by 26 per cent against 1982. GFT manufacture men's and women's clothing and is among the more prominent subcontractors working for the Italian fashion industry.

Belgian bank's income up 29%

By Paul Cheeseright in Brussels

SOCIÉTÉ GÉNÉRALE de Banque, the biggest private sector bank in Belgium, last year lifted net profits by 29 per cent and saw its balance sheet expand by 14.5 per cent.

Consolidated net profits rose to BFr 4.08bn ($74m) from BFr 3.2bn in 1982. A dividend of BFr 225 net has already been declared.

Following new investment, a rise in share values and general expansion both in Belgium and abroad, *the balance sheet total rose to* BFr 1,792bn from BFr 1,566bn.

However, international debt reschedulings plus the possibility of write-offs in Belgium forced SGB to raise from BFr 9.1bn to BFr 10.9bn the sum it is putting aside for provisions and depreciation.

RCA insurance offshore sale

By Our Financial Staff

RCA, *the diversified U.S. electron*ics and entertainment group, is to sell its North American property and casualty insurance company to a group organised by Kramer Capital, a New York company, and Mr Ralph Hemp, the insurance offshoot's president. Terms were not disclosed.

GBL raises dividend

BY OUR BRUSSELS STAFF

GROUPE BRUXELLES Lambert (GBL), the second largest financial and industrial group in Belgium, yesterday announced as reported in later editions consolidated net profits for 1983 of BFr 2.56bn ($48m) or BFr 312 a share, against BFr 1.47bn in 1982, or an adjusted BFr 203 a share.

The absolute profit figures are not comparable because the 1982 financial year covered only nine months.

The group, whose spreading international ambitions were emphasised last week when it was disclosed it would be buying newly issued shares in Henry Ansbacher, the London mechant bank, declared a final dividend of BFr 80 gross.

This is slightly higher than GBL had itself predicted and brings total payments for last year to BFr 120 gross.

INTL. COMPANIES & FINANCE

Liffe in Singapore futures link talks

By Chris Sherwell in Singapore

HIGH-LEVEL talks have begun between the Chicago, London and Singapore futures exchanges to expand the unique "mutual offset" link between Singapore and Chicago to include London and to increase the number of different contracts traded.

Previously the London International Financial Futures Exchange (Liffe) has said it wants to see how the system works before starting talks. Mutual offset allows opens positions on one exchange to be offset with opposite positions on another exchange.

The talks mark a significant development in the rapid growth of the futures business, and could be a boost for the new Singapore International Monetary Exchange (Simex), which features the offset system as a key attraction.

The U.S. Commodity Futures Trading Commission is now scrutinising the plan more closely to make sure transactions which might manipulate prices cannot be disguised. This is taking longer than anticipated, and Simex has delayed its planned May 2 opening until June, although no specific date has been announced.

At the same time events in Kuala Lumpur, where palm oil futures trading on the Kuala Lumpur Commodities Exchange was temporarily suspended recently, have sent a shudder through the local authorities.

The possibility of a repetition in Singapore of this attempt to "corner" the palm oil market is discounted, however, because markets are deep for the two main contracts to be traded—a U.S. dollar/yen foreign exchange contract and a three-month Eurodollar interest rate contract.

Singapore's efforts to recruit the all-important "locals"—individual exchange members prepared to accept risks others want to cover—are meanwhile paying off handsomely. A total of 160 applications has been received, more than expected, and the bulk is likely to win approval.

Strong growth at Highlands and Lowlands

HIGHLAND AND LOWLANDS said group operating profit rose 49.8 per cent to 23.4m ringgit (U.S.$10.2m) in the final six months of 1983, AP-DJ reports from Singapore. During the full year, operating profit was up 24.8 per cent to 33.9m ringgit.

Turnover for the Malaysia-based plantation and processing company edged up 0.5 per cent in 1983 to 164.98m ringgit and investment and other income was 2.2 per cent higher at 19.7m ringgit.

An extraordinary gain of 13.6m ringgit arising mostly from gains from compulsory land acquisition and utilisation, caused profit after tax and extraordinary items to soar 75.1 per cent to 47.4m ringgit.

Directors have recommended a final dividend of 12.5 sen a share, bringing 1983's annual dividend to 17.5 sen, up from 15 sen

Record year at IBM Japan

TOKYO — Brisk sales of ultralarge-capacity computers and personal computers for business use boosted both sales and profits of IBM Japan to record levels in 1983.

The wholly owned subsidiary of International Business Machines of the U.S. said unconsolidated net profit totalled Y44.73bn ($199.68m), up 25.6 per cent from the preceding year, on sales of Y612.22bn up 26.2 per cent.

Profit before taxes and extraordinary items increased 31.1 per cent to Y83.99bn.

The company said the gains were due to unexpectedly brisk sales of ultralarge-capacity computers of the 308X series and small business computers of the 5550 series. Peripheral equipment, including magnetic disks, also sold well.

Kyodo.

Disneyland Tokyo deal

CHIBA—The Japanese owner of Tokyo Disneyland has sold 7.1 hectares of land adjoining the amusement centre for about Y18.1bn ($80m) and earned a windfall profit of Y17.7bn.

Oriental Land has signed contracts with two hotel operators, who plan to build 12-storey hotels on the land by 1987. The land sold was part of a sprawling tract of reclaimed land that Oriental acquired from the Chiba Prefecture government in the mid-1970s for about Y16,000 per 3.3 square metre. The company sold the land Wednesday for more than Y800,000 per 3.3 square metre.

Kyodo.

Myers plans rights issue as first-half profits recover

BY LACHLAN DRUMMOND IN SYDNEY

AUSTRALIA'S largest department store retailer, Myer Emporium, saw net earnings recover from A$6.2m to A$34.86m (U.S.$33.6m) in the six months to January 29 as it benefited from its acquisition of the Grace Bros. chain, improved Christmas trading and stringent corrective measures imposed on its own operations.

The company has accompanied the profit report with a call for A$76.4m from shareholders through an underwritten one-for-five rights issue.

Including Grace Bros, acquired in June last year for A$213m, sales increased by 57 per cent from A$958.4m for Myer alone to A$1.51bn. On a comparable basis the increase was 13.4 per cent, which compares with an 8.5 per cent increase in Australia retail sales in the same period.

Before tax of A$33m compared with A$8.73m, profits were up from A$14.9m without Grace to A$67.82m this time. On a comparable basis the Myer and Grace separately produced total pre-tax profits of A$29.6m last time, a depressed result for both and about half the rate of first half earnings the two had achieved in the previous three opening half years.

The latest result was after depreciation of A$21.34m (A$16.9m for Myer alone) and interest charges ahead from the Myer-only total of A$37.8m to A$41.06m Grace's first half interest charges were A$8.8m last time.

The rights issue, meanwhile, is the first approach to shareholders—other than through convertible note offerings—since 1929, and the new shares are being offered at A$1.40 each against a market price of A$1.90, and can be paid in two stages.

The interim dividend is unchanged at 5.5 cents a share

Better second half for UIC

SINGAPORE — United Industrial (UIC) said group pre-tax results swung to a profit of S$4.1m (U.S.$2m) in the second half of 1983 from a S$7.5m shortfall a year earlier. For all of 1983, UIC posted a pre-tax profit of S$7.1m against a year-earlier loss of S$7.4m.

Turnover for the year was S$53.6m down 31.2 per cent from revenues during the 17 months to December 31, 1982. (comparative figures for 1982 were not provided.) Investment income of S$1.4m was up 5 per cent from the 1981-82 period.

The agreement by UIC to sell its subsidiary, Bovasco N.V., to Chip Lian Investments was dated December 21, 1983, and passed by UIC shareholders February 17, 1984. However, UIC did not include some S$5.1m of losses incurred by Bovasco and its associates in the 1983 results. It did include a hefty S$18.6m gain from the sale, which pushed attributable net profit to S$21.2m for the year. During the 17 months through the end of 1982, UIC recorded a S$8.2m attributable loss.

The proposed 5 cents a share first and final dividend, is unchanged from the 1981-82 period.

● Neptune Orient Lines' group after-tax profit rose 10.3 per cent to S$5.9m in the second half of 1983. For the full year, however, profit was down 29.1 per cent to S$9m turnover slipped 6.1 per cent to S$786.1m.

At the attributable level, a S$5.7m extraordinary gain from the sale of office space allowed NOL to post an improved net profit of S$13m, up 2.5 per cent.

Agencies

Linde faces process plant order decline

By John Davies in Frankfurt

LINDE, the West German engineering concern, is improving sales in major areas of its business as economic recovery gathers pace, but still faces a shortage of orders worldwide for large process plant installations.

Sales revenue of the parent group, including domestic subsidiaries, was DM 332.2m ($128.3m) int he first two months of this year, 7.9 per cent down on a year ago. But the decline was solely because fewer process plant orders were completed.

Apart from proces plant business, sales were running 18 per cent ahead of last year, with industrial gases, materials handling equipment, machine tools and refrigeration equipment all picking up.

Sales of Linde's world-wide group increased by 10.4 per cent to DM 3.36bn for the whole of 1983 while the parent group's sales went ahead 6.3 per cent to DM 2.7bn.

But the impact of recession showed up in the order book. The inflow of orders to the parent group was 6.1 per cent lower than the previous year at DM 2.4bn. Orders within West Germany fell 5.8 per cent and export orders were down as much as 22.3 per cent.

Pre-tax profit of Linde's parent group edged down to DM 126m from DM 127m in 1982. The company has already indicated it plans a DM 9 dividend per DM 50 share for the fifth year in sucecssion.

Dr Hans Meinhardt, the chief executive, said that the U.S. subsidiary, Baker Material Handling, had made a reduced loss and hoped to be profitable this year.

He said that Linde was still considering the possible takeover of Fenwick Manutention, the French fork-lift truck maker, but felt under no time pressure.

THE PROPERTY MARKET BY MICHAEL CASSELL

Crown Agents to sell Millbank

THE CROWN AGENTS, struggling back along the road to profitability and on towards privatisation, has put its Millbank, London, headquarters up for sale. The building is likely to raise around £10m.

The decision, which had been expected, forms part of the programme to get the organisation back into profits by 1986 so that the government can proceed with its plan to privatise all, or part, of the state-run agency.

Formed 150 years ago as a procurement agency for British colonial administrations, the Crown Agents has more recently developed a wider role, including the provision of financial services and the administration of UK overseas aid.

The organisation's own property dealings in the late 1960s and early 1970s led to losses of £200m. The termination, last year, of the lucrative contract to manage a £3.5bn investment portfolio for the Sultanate of Brunei again put its future in doubt. Last month, however, the government set it on the road to privatisation.

The Millbank headquarters have been home for the organisation since 1916 and offer 105,000 sq ft of useable space, overlooking the River Thames close to the Palace of Westminster. Both British American Tobacco and Imperial Chemical Industries—itself due to move—are located nearby.

In an instruction which gives added credence to Savills' emergence as a force in the commercial property sector, the Crown Agents decided not to use Knight Frank and Rutley, with whom they have long been associated.

The building has three separate entrances and Peter Oswald, of Savills, says it could be split into three self-contained office blocks or made suitable for an international company.

The property will demand substantial improvement and the Crown Agents will not be able to give full vacant possession until the end of March next year, when staff will have completed the move to Sutton in Surrey. A sale could be delayed or rent could be paid to the purchaser—possibly a developer—for the interim period.

As for Savills, the agents have found a tenant for Belgrave House, the 160,000 sq ft-plus headquarters building in Buckingham Palace Road, currently occupied by BR Chemicals. The identity of the tenant could be known next week.

Hammerson buys in Los Angeles

HAMMERSON GROUP has finally clinched its first property acquisition in Los Angeles.

The group this week exchanged contracts on the freehold and leasehold interests on a building at the corner of Seventh Street and South Hope Street, which it regards as one of the city's most important downtown locations.

Originally designed as an 18-storey office block, the building was only built to eight floors in 1964. Hammerson says it intends to raise the building by a further eight floors "as soon as possible," to create an 89,000 sq ft building.

Together with improvement works, the whole operation is likely to cost Hammerson around $22m. The group is also in the final stages of difficult negotiations to buy a larger downtown office building and details of the deal are expected very shortly.

The two deals represent the first fruits of Hammerson's attempts to establish itself in Los Angeles, where it opened an office in 1982.

Fellow UK developer MEPC has also made one or two big decisions involving its American operations. After lengthy deliberation, it has finally decided not to go ahead with the joint development of its proposed stadium plaza office and retail complex on 80 acres of land on West Dallas.

The project involved a partnership with Tecon Realty, run by the Murcheson family, but it appears that problems within the business now mean they cannot stay in with MEPC. The British developer has no intention of continuing alone and neither does it want to pursue the plan with any other partner.

As a result, the site—on which the two parties have spent a total of around $30m—is now being offered to other developers. One offer has been made but other bids are being sought.

It appears that the decision to sell out might have come a bit earlier than MEPC would have wished but, by the way of compensation, the company has decided to proceed with another major scheme in Dallas, the second phase of its Colonade high-technology office complex.

MEPC said it wanted to see over 50 per cent of the first, 295,000 sq ft phase let up before it gave the go-ahead for phase two. Tenants have now apparently taken over 60 per cent of the available floorspace.

The second phase will provide another 350,000 sq ft of office floorspace in a scheme which could eventually comprise 1m sq ft by the time it is completed, possibly around 1988. MEPC's only development project under way in the U.S., phase two is likely to cost around $40m. It should take about 18 months to develop.

MEPC will most likely seek to sell an interest in both phases, with a side-by-side by partner joining them to develop the third and final phase.

Beyond the Colonade, MEPC's next development could well involve the expansion of its Parkdale Center office park in Minneapolis. The 1m sq ft complex is 100 per cent owned by the group and there is room for further development. There are also plans for a 1.2m sq ft office scheme, in partnership with Bechtel, in Houston, but a start will await an improvement in local market conditions.

For those US investors still thinking about taking the plunge into the U.S. real estate market, yet another channel for their funds has opened up with an agreement between J. Trevor, the London Surveyors and agents, and Fidinam Group, the Swiss-based international real estate management consulting group.

In 20 years, Fidinham has built up a North American real estate operation which advises in all aspects of property development, investment and management. It now has around $1.4bn of real estate assets under management, with another $400m worth under construction.

John Trevor says his firm are not partners with Fidinam but are acting purely as agents in an attempt to secure new sources of investment finance within the UK.

Sharp increase in empty factory space

A SHARP RISE in empty space among new industrial and property companies is revealed in a survey among 39 funds conducted by Hillier Parker and Rowden, the London agents and surveyors.

The agents report voids in new schemes up from 10 per cent last February to nearly 34 per cent, despite a small drop in the level of new development. The overall void rate for all property was 2.7 per cent in terms of income value and 8.4 per cent in floorspace terms.

● Irish Life Assurance wants £5¼m for the head lease, with 83 years to run, on Druce House, the 33,000 sq ft office and shop building at 54-60 Baker Street, W1. The building was sold at auction to Irish Life 11 years ago, when it produced a rental income of £85,000 a year, a figure which now stands at £395,000. The offices are underlet to Stroy Hayward, who are assigning their interests to Doyle Dane Bernbach. Freeholders are the Portman Estate. Druce are sole agents.

● Abraham de Koning, senior partner for Jones Lang Wootton in Amsterdam, is joining HRO International in New York, the development group run by Howard Ronson.

● Land Securities has sold the freehold of its reversionary investment in Marcol House, Regent Street, W1 to Trusthouse Forte, the tenant. Teacher Marks advised Trusthouse.

● Sheraton Securities, headed by Peter Taylor, and the JT Group of Bristol, have restructured their joint development company. All major projects previously carried out "in house" by JT will now be undertaken by Sheraton JT, which is to start three new schemes, including the Bristol Business Park on a potential 100-acre site one mile from the M32-M4, and a 16,750 sq ft office and shop project on Narrow Quay, Bristol.

Belgravia Commercial Developments, the property subsidiary of Dominion International, is paying about £2.7m for the freehold of Globe House, a 141,000 sq ft office building in Chelmsford. Current rental is around £360,000 a year with rents reviews this year and in 1986. Apart from the prospect of substantial rental growth, there is room for further development. The deal is financed by the issue of 2.4m new ordinary shares, placed on behalf of the vendors—by an offshore bank—by Laing and Cruickshank.

UK COMPANY NEWS

Lucas recovers but profits hit again by closure costs

REDUNDANCY AND closure costs, as anticipated, continued to depress results at Lucas Industries, vehicle and aircraft accessory manufacturer, in the six months to January 31 1984.

However, the company achieved sharply higher operating profits of £14.4m, against £2.9m, enabling it to show a profit of £3.5m at the taxable level, compared with a £5.2m loss and a £2.1m profit for 1982/83.

And Mr Godfrey Messervy, the chairman, says that trading conditions continue to improve and he looks forward to a stronger recovery in the second half.

Turnover for the period expanded by £75.5m to £659.3m and trading profits rose from £17.3m to £27.5m. Net interest payable was reduced to £12.6m (£14.2m), but redundancy and closure costs were higher at £10.9m (£9.1m)—share of related companies losses were £0.5m (£0.7m).

UK sales increased by £53.6m to £423.4m, of which £23.4m related to the consolidation of sales taken over from Smith Industries by the electronics and systems division of Lucas Electrical. A loss before tax of £7.4m (£10.2m) was incurred after charging £10.3m (£7.9m) redundancy and closure costs.

UK demand in the automotive aftermarket remained disappointing throughout the period but its automotive equipment companies benefited from increased activity at the vehicle manufacturers.

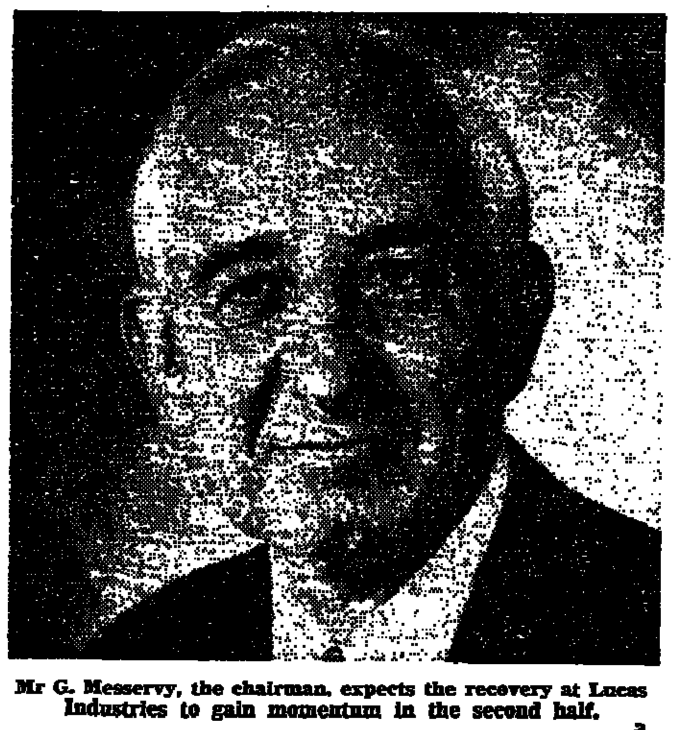
Compared with the previous year, UK car production increased by over 30 per cent and tractors by nearly 15 per cent, but commercial vehicle output was 10 per cent lower. As a result, the sales by its automotive equipment companies increased, excluding sales from Smiths, by £31m over the previous year reducing the operating loss by £8.4m to £3.8m. After charging redundancy and closure costs, the loss before tax of £13.2m was £5.9m lower than last year.

European and overseas automotive equipment subsidiaries made good progress with increased profits in most territories. However, significant losses continue at the French partnership company, Ducellier.

Sales by its aerospace equipment companies at £125m were lower than the previous year, reflecting the reduced world demand for civil and military aircraft mentioned in the last report. As expected, the profit before tax of £6.3m was £2.3m lower than the previous year.

Sales by its industrial equipment companies were £59m—11 per cent higher than last year. The profit before tax was unchanged at £2.6m but 1982-83 benefited by £1.1m of special income from Syalon technology.

A tax charge of £5.4m (£5.2m) pulled Lucas back into the red, and after minorities there was an attributable deficit of £1.7m (£11.3m). The loss per £1 share was lower at 1.8p (11.9p).



Mr G. Messervy, the chairman, expects the recovery at Lucas Industries to gain momentum in the second half.

Ibstock picks-up to £6.6m year-end

WITH ALL divisions contributing to a second-half improvement Ibstock Johnsen, brick manufacturer, finished the 1983 year with record pre-tax profits of £6.55m.

This was a swing of £8.42m over the £1.87m loss incurred last year and compares with the previous record of £5.1m attained in 1978.

The group, which was subject to takeover bids from both London Brick and Redland a little over a year ago, is stepping up its final dividend from 3p to 3.75p to make a total of 5.5p net, compared with 4.5p.

Both bids were referred to the Monopolies and Mergers Commission and subsequently lapsed.

Mr Paul Hyde-Thomson, group chairman, says that the severe weather in the U.S. in the early months of this year held back further progress but orders, more than 50 per cent higher than last year, indicate improved deliveries later in 1984.

He comments that another mild winter in the UK and a continuing rise in world pulp prices have helped the group's other two divisions to make substantial improvements over last year in the first quarter of 1984. Shareholders are told that overall, the group "is on target for a big advance over 1983."

Group turnover for the past year expanded from £79.3m to £89.23m and gross profits rose by £8.09m to £20.35m.

Pre-tax profits were struck after deducting distribution costs of £7.52m (£6.61m), administration expenses of £4.11m (£3.81m) and lower interest charges of £3.21m (£4.02m). Included was a £592,000 (£228,000) share of associates' profits and other operating income of £443,000, compared with £80,000.

Tax accounted for £2.25m (£0.85m) but extraordinary debits were cut from £5.3m to £340,000 to leave available profits at £3.97m (£9.02m loss).

Earnings emerged at 15.09p (9.54p loss).

An analysis of group profits before interest shows: building products—UK £11.26m (£8.68m), Netherlands nil (£2.47m) and U.S. £1.35m loss (£1.33m loss), and fibres £558,000 (£61,000 loss).

Group pre-tax profits for the second six months totalled £4.93m (£597,000 loss).

Turnover in the U.S. rose from £34.98m to £33.54m, although this was not reflected in the results. Mr Hyde-Thomson explains that the year was one of transition and substantial change. It bore the costs of restarting several plants, of introducing new product lines, and of major strengthening of the marketing and selling efforts—the benefits of these extra revenue expenditures only gradually started to flow through later in the year.

He adds that investment of this kind is intended to win a stronger market position and a better quality order book so that the company can better withstand a possible future downturn in demand.

The fibres division, bounded back from a first half loss of £146,000, to end the year with a profit of £558,000. This reflected improved trading conditions in the world pulp market which started to make themselves felt during the second half.

In the UK, Ibstock Building Products made further "impressive progress."

In the U.S., Glen-Gery turnover increased from $40.4m (£27.9m) in 1982 to $48.6m in 1983, reflecting a higher level of building and increased penetration by the group—both were more apparent in the second half.

In October 1983 the group acquired the remaining 25 per cent of the shares in Crusader Board and Converters and at the same time it was found necessary to make a correction to the 1982 accounts of this company as a result of an overstatement of debtors. The comparative figures for 1982 for the group reflect this prior year adjustment and the loss on ordinary activities after tax for that year has been increased by £208,000.

The chairman says the increase in dividend is rather more than indicated at the time of the interim. He adds that the decision not to recommend the renewed London Brick approach was well justified and says shareholders can expect to benefit from Ibstock's own growth.

● comment

Ibstock Johnsen's figures confirm how right the directors were to repel the attentions of London Brick. The City yesterday was slightly disappointed that the results were not even better than they turned out—but this reaction should not obscure the fact that the dramatic turnround in the company's fortunes should be followed by an even better performance in 1984. The share price, down 3p at 214p, shot up on the back of the bid battle—it ought now to make further progress on the strength of future earnings. In the UK, the company is concentrating more than ever on the top end of the market—where margins are best and sales less vulnerable to a future downturn in the trading cycle. But in the U.S., Johnsen has spent $40m and five years of effort building up a big stake in a vast market with no reward so far. The 1983 loss should be turned into profit in 1984—but it will scarcely be a real return on the investment. For the year, the group could make £12m pre-tax, giving a prospective actual tax multiple of just under 7.

Desoutter in strong finish to 61% rise

In line with expectations at mid-way, Desoutter Brothers, precision mechanical engineers, advanced strongly in the second half to finish 1983 with improved taxable profits of £2.73m against £1.69m.

The final dividend is up from 3p to 4.3p, increasing the total by 1.3p to 7p. A one-for-four scrip issue is proposed.

The company paid £354,000 (£456,000) in interest, while tax rose sharply from £587,000 to £1.36m. Attributable profits were up from £1.1m to £1.38m, leaving earnings at 13.89p (11.03p).

Amber Day trading begins to show improvement

THE DRASTICALLY reorganised clothing manufacturer Amber Day Holdings incurred a loss of £100,000 for the six months ended November 26 1983, after deducting administration expenditure £164,000 and net finance charges of £252,000.

Operating results of the light clothing, manufacturing and importing companies have, as forecast, shown a marked improvement from £89,000 to £230,000 and order books continue to increase; the 28.5 per cent retained interest in menswear retailing contributed £86,000. Last year discontinued activities accounted for £758,000, and there was an overall pre-tax profit of £280,000.

After tax £45,000 (nil, but minorities £64,000) the attributable loss for the half year comes out at £145,000 (profit £216,000) for per share figures of 1.62p (0.72p).

The full accounts for the year will be published in September when consideration will be given to a possible capital reconstruction.

The group reorganisation meant that the trade of outerwear manufacturing division was terminated; the entire shareholding in the party-plan side was sold and 71.5 per cent of the menswear retailing division disposed of.

Brown Boveri soars 42% and seeks £7.5m

PROCESS control group Brown Boveri Kent has announced a one-for-five rights issue at 70p, to raise £7.5m. Its shares closed yesterday at 87p, down 3p.

The issue was announced along with the group's results for the year to end-December. On turnover 3 per cent higher at £106.65m, pre-tax profits were 42 per cent up at £6.27m. Net interest payable was almost unchanged at £2.46m.

Earnings per share were 7.0p, against 4.0p in 1982. The final dividend is 1.5p, making 2.5p net for the year (1982 1p).

The company states that programmes of rationalisation and the introduction of new products are continuing during the current year, and are expected to produce additional benefits. Though market conditions are unlikely to change substantially, an increase in sales is expected.

Explaining the reasons for the rights issue Mr Erwin Bielinski, the chairman, says the company's strategic objectives are to invest in new products and to develop its international business.

An extensive programme for the introduction of new products incorporating the evolving advanced technologies has been established for the next few years. The funds raised by the rights issue will enable these investment programmes to proceed, while ensuring an improved balance between shareholders' funds and borrowings.

The new shares will not rank for the 1983 final dividend. The issue will be underwritten for a nominal fee by BBC Brown Boveri of Switzerland, which holds 54.5 per cent of the company's equity.

HIGHLIGHTS

Hong Kong—is it at an end? The market fell sharply in the wake of Jardine Matheson's surprise move to Bermuda. Lucas Industries—is still not making money, reporting heavy rationalisation costs. It awaits the upturn. Productivity: March figures show a further rise in unemployment, which, taken together with the recent increase in output, suggests an improvement in productivity. Harris Queensway announced a proposed agreement with Debenhams which will give it a major interest in furniture and carpet retailing in the department stores. Full-year profits show an increase of nearly £10m to £25.6m.

● comment

Brown Boveri's profits are still marginally below where they were six years ago, but there seems to be a case for arguing that the recession, besides bringing about the usual rationalisation effects, has also obliged the company to overhaul radically its portfolio of products. Back in 1980, a lot of its products were electro-mechanically based; in switching to microprocessors and new materials, the company has arguably moved appreciably upmarket in the technological sense. Gearing, meanwhile, is a touch lower, but still close to the 50 per cent mark. Given that Brown Boveri has positive ideas about where it is going next, it seems reasonable that shareholders should be asked to help out.

Bristol Oil down but optimistic

Although pre-tax profits at Bristol Oil & Minerals shows a reduction from £4.42m to £457,000 the directors say that results for 1983 bear little resemblance to the present state of the company. They view the future with "considerable optimism," and say that 1984 has started well.

During the year the company, formerly KCA International, disposed of certain assets and investments which no longer met its objectives to move out of oil services and into oil, gas, and mineral production.

Turnover for the year came to £17.63m (£66.69m).

The directors say that the changes in the state of the company have led to a considerably stronger balance sheet and a substantial reduction in overheads.

Lonrho sees 'healthy increase'

A HEALTHY increase on the last full year was confidently forecast by Mr Roland "Tiny" Rowland, chairman of Lonrho, at the annual meeting. He said that the first quarter's figures gave adequate reasons for him to feel that 1984 would continue on an upward trend for the company as a whole.

In the last full year profits came to £113m.

Mr Edward du Cann, deputy chairman, stressed that Lonrho intended to press for the demerger of Harrods from the House of Fraser. He disclosed that there had been a surge of interest in Lonrho shares by institutions, so that the number of large investors had doubled to 130, with investment by Americans also on the increase.

He said that Lonrho was still waiting for the results of the Government inquiry into House of Fraser shareholdings — Lonrho holds 30 per cent — and said that the company "had nothing to fear."

"I must put on record our severe disappointment that the machinery of Government should so often be exploited to block matters which are best left to investors to decide," Mr du Cann told the meeting.

He told members that he believed House of Fraser had become more efficient because of pressure from Lonrho and said: "If we were allowed to take over House of Fraser we would improve its results substantially." He hoped it would not be long before Londho could act in accordance with the best commercial interests of House of Fraser shareholders.

Referring to new curbs on remitting money from Zimbabwe he said it was too early to say what effect this would have, but assuming the measures were temporary he said it was unlikely to be serious.

Mrs Edna Adams, the acting chairman of the Lonrho Shareholders' Action Committee, a group independent of the company, moved a motion "deploring the treatment to which Lonrho had been subjected in recent years in the shape of numerous inquiries by the Monopolies and Mergers Commission.

This had culminated in the present Department of Trade inquiry into the share register of the House of Fraser.

She urged shareholders to press their MPs to ensure that the enquiry is brought to a speedy conclusion and for its findings to be reported as soon as possible so that Lonrho could proceed with a takeover of the House of Fraser or a demerger of Harrods. Shareholders approved the motion by acclamation.

One regular critic of Lonrho at its annual meetings, Mr Tom Ferguson, London representative of the Kuwait-owned Gulf Fisheries, had no questions for the board this time.

After the meeting he said: "Basically I feel Lonrho has just about recovered to its previous profit levels. I was much heartened by Mr du Cann's comments that he expects healthy profit growth in 1984.

"It would have seemed rather churlish to have said anything in the 'love-in' atmosphere that prevails at Lonrho meetings."

Gulf, which has sold 11m Lonrho shares in the past year, but which stil retains a 12.1 per cent holding, will be watching the share price over the next few months to see if it sustains the recent rerating, he added.

At Meggitt Holdings annual general meeting shareholders were told that the improvement experienced towards the end of the last financial year had continued and that the unaudited figures for the first quarter of the current year indicated a "satisfactory level of profitability."

The chairman said that this situation had extended into the second quarter but that the undertones in the industries served by the group were not yet sufficiently strong to enable him to predict further ahead.

The directors are currently investigating a number of business opportunities aimed at the growth and development of the group.

The chairman of Industrial and Commercial Companies revealed that the latest figures indicated that profits had continued to improve "quite strongly."

Newman gains confidence as profits surge to £3.6m

THE BOARD of Newman Industries considers that, after a difficult three year period, it can look forward to the future with an increasing degree of confidence.

For the year 1983 the board reports an increase from £0.4m to £3.6m in group pre-tax profits, and says management accounts for the first two months of 1984 show an improvement over the previous year and "reflect the determined efforts being made throughout the organisation." The group's principal activities are the manufacture and marketing of engineered assembly systems, electric motors and castings.

In the year turnover amounted to £71.3m, against £72.4m, and the trading profit to £5.9m (£4.2m). Avdel, assembly systems, £5.3m (£3.8m); electric motors £0.4m (£0.2m); engineering products £0.4m (£1.3m); administration and discontinued business £0.2m (£1.1m); interest payable £2.3m (£3.8m).

Avdel performed "particularly well" both on profit and cash generation, and continues to develop its product and market base. Electric motors achieved success in market penetration and product introduction, while the engineering division is also gaining market penetration and share.

Tax takes £1.2m (£0.7m) and there is an extraordinary debit of £0.5m (£0.8m).

Some 13 months ago the company was refinanced, after heavy losses and subsequent reorganisation.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Desoutter Bros	4.3	May 13	3	7	5.7
House Property	6	May 24	4.5	9	6
Bridon	2.3	May 17	1.8	3.5	3
Brown Boveri	1.5	—	1	2.5	1
Celtic Haven ...int.	0.25	April 4	0.25	—	0.75
Croda Intnl.	4	July 2	4	7	7
Fairview ...int.	1.61	May 11	1.46	—	5.5
Harris Queensway	4.75	May 31	4	7	5.67
Ibstock Johnsen	3.75	—	3	5.5	4.5
Jove Inv. Trust sec. int	2.4	—	2.3	4.5	4.3
KCA Drilling	1.5	July 2	1.88	3	3.75
Lambert Howarth	4.25	May 23	3.54*	5.75	4.79*
Lucas Industries ...int.	2.6	May 15	2.6	—	8.6
Macfarlane	2.2	May 17	2	3.87	3.52*
Magnolia Group	1.9	—	1.7	2.5	2.3
Bernard Matthews	4	May 18	3.05	6.5	5.25
Moray Firth Malt	5‡	May 9	2.2	6	2.8
Ramus Holdings‡ ...int.	1.5	May 10	1.5	—	5
Richards (Leics.)	1	July 3	1	2	2
Scottish Heritable	1.1	May 25	1	2.1	2

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

UK COMPANY NEWS

Reduced short-term rates take a toll on KCA Drilling

REDUCED RATES on short term contracts hit final quarter figures at KCA Drilling Group which reported a drop in pre-tax profits from £7.01m to £8.72m for 1983.

The group, which was the subject of a management buyout in August from its parent KCA International, says there are already signs of improvement but short term rates giving acceptable profit levels are not expected until towards the end of this year.

However, it says the group has suffered less than many competitors in the depressed market because of the wide spread of its operations and its blend of short term exploration and long term development drilling contracts.

Turnover was down at £38.94m (£39.1m), operating costs were up at £27.02m (£26.13m), leaving a gross profit of £11.91m (£12.90m).

Administrative expenses took £2.88m (£3m), and interest and similar charges £2.72m (£3.38m) but recoverable interest totalled £384,000 (£408,000). Tax was £2m (£3.46m).

Earnings per share rose to 5.9p against 4.45p. A final dividend of 1.5p (1.575p), makes 3p (3.75p) for the year.

The directors consider the proposed dividend total represents a satisfactory return to shareholders, bearing in mind the results for the year and the desirability of strengthening reserves.

In future the dividend level recommended will be determined in he light of the group's profitability and the need to provide a return to shareholders while maintaining reserves for future growth.

Sir Monty Finniston, who replaced Mr Paul Bristol as chairman in November after the management buyout, is confident that the group is well placed both financially and operationally to benefit from the expected recovery in the market towards the end of this year, next year and beyond.

BOARD MEETINGS

TODAY

Interims: Amalgamated Estates, Burgess Products, G.T. Asia (Sterling) Fund, M. P. Kent, Mainmet, Pifco, Town Centre Securities.

Finals: Breedon and Cloud Hill Lime Works, Elys (Wimbledon), Francis Industries, Home Counties Newspapers, Charles Hurst, Manson Finance Trust, Midsummer Inns, Palma, Silkolene Lubricants, Southampton Isle of Wight and South of England Royal Mail Steam Packet, Unibond, Watts Blake Bearne, George Wills.

FUTURE DATES

Interim—

Aberdeen Trust	Apr 27

Finals—

Astbury and Madeley	Apr 4
Biomechanics International	Apr 4
Costes Brothers	Apr 3
Dewhirst (I. J.)	Apr 11
EIS	Apr 26
Edinburgh Securities	Apr 9
Morgan Crucible	Apr 12
Oil and Gas Production	Apr 16
RMC	Apr 18
Scottish Mortgage and Trust	Apr 19

Volume rise at Ramus but margins are eroded

VOLUME GROWTH and an increase in market share was experienced by Ramus Holdings, ceramic tile distributor, in 1983.

However, the national volume increase was accompanied by a marginal lowering of unit price. This, together with increased costs associated with the establishment of the company's national network has influenced profitability.

The company reports that while turnover for the six months to January 2 1984 expanded by 25 per cent from £8.7m to £10.89m, the increase in trading profits from £365,000 to 400,000 was under 10 per cent.

Interest charges rose by £20,000 to £144,000, leaving the taxable result ahead at £256,000, compared with £241,000.

Based on seasonal factors and current turnover levels, Mr Ernest Ramus, the chairman, expects a successful second half. In the last full year taxable profits of £621,000 were attained on turnover of £19.22m.

The interim dividend of this USM stock is being held at 1.5p net per 25p share: dividend waivers have been received from holders of 3.33m shares, as a contribution to the conservation of working capital, reducing the amount payable by £44,002 to £22,432.

Tax for the period absorbed £21,000 (£87,000) to leave the net profit £81,000 higher at £235,000, equal to earnings per share of 5.3p (3.5p).

Moray Firth Maltings on target

AGAINST a profit forecast of £1.9m, Moray Firth Maltings has turned in £1.97m for 1983 which is an improvement of some 33 per cent over the previous year. The final dividend is the promised 6p, to lift the net total from 2.8p to 6p.

The company makes malt for the whisky and brewing industries. It made the forecasts when it joined the USM in December 1983 and said that quotation for a whole year would have meant a dividend of 7p.

Last year was not easy, the directors report. It witnessed a further fall in malt whisky production mitigated partially by a small improvement in beer output. Malt exports were better by 7.5 per cent and helped to offset the depressed home market.

Turnover rose from £26.22m to £31.78m and the pre-tax profit from £1.48m to £1.97m, and was split as to—£000s: malting £22.14m (£18.85m) and £1.53m (£1.1m); agricultural merchanting and storage £9.64m (£7.37m) and £440,000 (£384,000). Of the turnover, the UK market accounted for £23.9m (£20.44m) and overseas £7.87m (£5.78m).

Progress has been made on the Australian malting project. Tenders are expected to be in hand by the middle of June and a start made on the site for the first Clova malting in July.

Tax takes £175,000 (£99,000), minorities £10,000 (£11,000), and there is an extraordinary charge of £222,000 relative to the USM placing, to leave the available profit at £1.56m (£1.37m). Earnings are shown at 27.7p (21p).

The directors express their confidence in the future, as they anticipate steady recovery in the demand for malt in the home market, and in the longer term contribution from the Australian project.

In the early part of the year there is a slow level of deliveries in the home market. But with over 85 per cent of the planned production now contracted for, the directors are hopeful that results will show further progress.

The group has £5.6m available for relief against future trading profits. This arises from stock relief and accelerated depreciation in previous years.

Magnolia hit by overseas losses

DESPITE A £25,000 increase in contributions from the UK operations of Magnolia Group (Mouldings) higher losses from the overseas companies left the group with pre-tax profits for the 1983 year £48,000 lower at £654,000.

However, earnings rose by 2.83p per 10p share to 11.51p and a final dividend of 1.9p lifts the net total from 2.3p to 2.5p.

Trading by group companies in the UK is showing a steady upward trend in sales and profits and the group is again obtaining substantial orders in the bulk market and intends to expand these activities during 1984.

Vigorous efforts are being made to expand export markets with particular emphasis on North America—the group, based at Rochford, Essex, manufactures and imports picture frame mouldings.

Turnover for the past year moved ahead by £1.7m to £10.17m and gross profits totalled £2.67m, compared with £2.56m, before deducting other operating costs of £2.01m, against £1.86m.

There was a tax credit of £4,000 (£205,000 charge) and extraordinary credits of £22,000, compared with previous debits of £113,000.

Profits on ordinary activities derived from operations in the UK amounted to £756,000 (£731,000) and on the same basis, the loss from overseas operations rose from £29,000 to £102,000.

Abaco expects profits by end of year

The directors of Abaco Investments are still hopeful of an overall profit for the year ending June 30 1984. For the first half the group has incurred a loss, as expected, of £67,000, compared with £64,000.

A loss was always likely in view of the timing of sales of properties by Mount Provincial Properties — £223,000 against £765,000 in 1982—and the initial cost of establishing the Brown Goldie financial advisory and investment company.

The directors are pleased with the progress of both divisions.

In Mount Provincial rental income is up by 20 per cent compared with last year and its developments are continuing on schedule.

Macfarlane up 17% to £2.5m

DESPITE DIFFICULT trading conditions which existed throughout 1983 Macfarlane Group (Clansman) made excellent progress and pushed its profits before tax up by 17.2 per cent to a record £2.52m over the full 12 months.

Earnings rose from 9.62p to 13.1p per 25p share and an increased final dividend of 2.2p effectively raises the net total by 10 per cent to 3.873p (3.52p).

Sir Norman Macfarlane, the chairman, says 1984 has started strongly with both sales and profits up on the corresponding period of last year.

He tells shareholders that all companies are trading profitably, group morale is "excellent" and that he believes the outlook is "encouraging."

Group turnover for 1983 rose by 7.2 per cent to £34.1m (£31.81m) and at the operating level profits emerged at £2.58m, compared with 1982's £2.31m—Macfarlane is engaged in packaging and printing.

Pre-tax profits were struck after deducting net interest charges of £61,224, against a previous £149,580.

Tax charge fell from £692,843 to £532,151 to leave net profits £531,137 ahead at £1.99m

Sir Norman says that despite its present problems the whisky industry continues to be a valuable and important source of business for the group and the companies supplying this sector traded successfully throughout the year.

Smith Brothers of Kilmarnock, label printer, produced improved results as did Daniel Montgomery of Kirkintilloch, the injection moulding and metallising company, and N. S. Macfarlane and Co., the specialist printer. Each of these companies made substantial investments in new plant over 1983 to improve technology and increase capacity.

In Aberdeen, the group's thermoplastic moulding company, A.C.W., which makes cases for the Sinclair ZX81 and Spectrum computers, had a satisfactory year.

The packaging companies in the south again performed well. Abbott's Packaging, through its facilities at Brackley, Haverhill and Southgate, again increased its profit contribution while Flo-pak, which manufactures expanded polystyrene cushioning materials, continued to fulfil the potential shown in earlier years.

The group's policy of tight management and financial controls has, despite its capital investment programme, resulted in net borrowings being reduced to only £200,000 at the end of 1983.

Strong increase to £1.1m for Scottish Heritable

FOLLOWING THE considerable reorganisation which has been effected, an increase from £358,000 to £1.11m in pre-tax profit for 1983 is reported by Scottish Heritable Trust. The dividend is raised to 2.1p against 2p, with a final of 1.1p.

Last year's profit has been adjusted to include the acquisition of Claxton and Garland, which owns a property portfolio and is engaged in sand and gravel quarrying and house building. Other activities of the group take in carpets and floorcoverings, hairdressing supplies, and oil and gas development. Turnover came to £20.6m (£23.65m).

After tax £104,000 (£134,000) and minorities £29,000 (£15,000), earnings are shown to be 7.2p (1.4p). There is an extraordinary debit of £158,000 (£1.39m). The accounts reflect certain benefits of the acquisition in an increase in shareholders' funds, consequent reduction in the borrowing ratio, and the increased earnings per share.

The current market value of building land, properties and gravel reserves, included in the accounts as stock in trade together with current market value of listed investments, exceed book value by over £3m.

Fairview Estates ahead 30% at halfway to £4m

TAXABLE PROFITS at Fairview Estates, property developer and investor, grew by nearly 30 per cent to £4.02m, against £3.11m, in the six months to end-December 1983.

Mr D. J. Cope, the chairman, says that he views the future with continued confidence. In the last full year Fairview reported a pre-tax profit of £7.51m.

The company is to pay an increased interim dividend of 1.607p, against 1.461p. Last year's total was 5.501p.

Turnover rose from £17.69m to £19.56m. Tax took £1.29m, against £725,000, leaving atributable profits of £2.73m (£2.39m). Earnings per 50p ordinary share were 8p (7.1p), and the net asset value per share at the end of the period was 172p (160p).

The group sold 508 homes in the period, further reducing its housing land stocks, and increased its annual rent roll from £4.5m at the last half year to £5.16m this February. Group borrowing has been reduced by £4m since last June.

MINING NEWS

Cautious view taken on current year prospects by Gencor

BY KENNETH MARSTON, MINING EDITOR

A CAUTIOUS view of this year's outlook for General Mining Union Corporation (Gencor)—which is about to launch a R400m (£223m) rights issue—is taken in the annual report by Mr Ted Pavitt, chairman of the big South African mining and industrial group.

He is fairly bullish for gold, saying that "some recovery in the dollar gold price during the current year accompanied by a strengthening of the rand against the U.S. dollar are viewed as distinct possibilities."

He points out, however, that this would be unlikely to have any substantial impact on the gold sector. But the strengthening of the rand with its exchange rate disadvantage in the case of sales of dollar-priced commodities would "inhibit the improving profitability of other mineral producers despite promising first signs of improved export demand and firmer prices."

Mr Pavitt holds out little hope of any worthwhile improvement in South African business conditions this year in view of the continuing drought in South Africa "and its far-reaching repercussions."

His statement, written before the South African budget, also mentioned the possibility of tax increases which have since been announced. These underline his forecast that 1984 "is likely to be another difficult business year for the group and one in which we can look for little more than a maintenance of the level of earnings."

● In the annual report of the Anglo American group's major gold share holding company, Anglo American Gold Investment (Amgold) Mr Julian Ogilvie Thompson, the chairman, says: "In my view the outlook for gold remains promising."

He believes that the recovery in the U.S. economy is likely to be maintained and will spread to other nations with the result that industrial demand for gold should expand. He also feels that the price of bullion will be underpinned by the problem of the third world debtor nations and the political problems in various parts of the world.

Japanese put squeeze on iron ore suppliers

PRESSURE exerted by Japanese steel mills on their Australian iron ore suppliers is threatening the stability of the iron ore mining industry, according to Mr David Karpin, general manager of marketing at the Rio Tinto-Zinc group's Hamersley operation in Western Australia.

In an interview with Reuters in Tokyo he said that the Japanese not only wanted sharp reductions in iron ore contract prices but also they sought sizeable cuts in contracted volumes. Although iron ore contracts are agreed on a long-term basis, price and volume are negotiated each year.

Mr Karpin, who is in Tokyo to renegotiate volume contracts and shipping schedules said: "We cannot have any more price reductions. If the Japanese want long-term stability it is essential to increase prices in the forthcoming year."

The Japanese importers, however, see little reason to accept price increases while iron ore is in heavy oversupply throughout the world. Hamersley is contracted to export 30m tonnes of iron ore a year to Japan but the amount being supplied is much less than this.

Last year Hamersley managed to raise total ore shipments by 15 per cent to 32.5m tonnes. Sales to Japan represented 55 per cent of shipments compared with 65 per cent in 1982. Sales to other Asian markets improved and Hamersley is hoping to open up a new market in China.

Meanwhile, Mr Karpin is hopeful of an improvement in the Japanese market for iron ore. He points out that the country "is coming strongly out of the recession and Japanese steel mills are comparatively very competitive." He expects Japanese output of crude steel to rise modestly to around 104 tonnes this year. In pre-recession days it was running at about 130m tonnes annually.

UK COMPANY NEWS

Harris Queensway up 57% to record £26m

TWO OF the UK's leading retail group, Harris Queensway and Debenhams are holding talks which could lead to the establishment of joint companies.

The announcement accompanies Harris Queensway's preliminary statement which shows that the group has, for the third year running, achieved record profits.

For the year to December 24 1983, Harris pushed pre-tax profits up by 57 per cent from £16.32m to £25.62m, and the directors are recommending a higher final dividend of 4.75p, against 4p, for a higher total of 7p (5.67p).

Further, the group has made a good start to 1984 with the first ten weeks trade at record levels. In all, the directors look to the future with increasing confidence and believe that it should be another "very good" year for the group.

Turnover, excluding VAT, expanded from £172.44m to £225.37m.

The two retail groups aim to further develop the furniture and carpet business undertaken in Debenhams stores by Debenhams Furnishings and the electrical, TV, audio and photographic business of Greens Leisure Centres, also a Debenhams subsidiary.

Both boards are confident that a satisfactory outcome to the discussions would result in an "exciting development" linking the specialist retailing expertise of Harris with the substantial established trade of Debenhams.

The directors point out that there would be continued employment within the joint companies for the staff of Debenhams Furnishings and Greens.

Harris directors say that trading conditions were fairly good throughout 1983, apart from the very hot period in the summer, and it has been the first year since 1979 in which the results have begun to reflect the benefit of its recent expansion programme.

They consider that the results and prospects justify the increase in the final dividend. They also propose a one-for-one scrip for ordinary shareholders registered by May 4.

The directors go on to say that the main features of 1983 were a further significant improvement in the results of Queensway which is now benefiting from the major expansion programme of the past few years and better trading conditions.

Record results by Harris Carpets, which, together with the other carpet divisions in the group, benefited from an upturn in the housing market and higher consumer spending.

Significant contributions to group profits from General George Carpets, which was acquired at the beginning of the financial year, and Carpetland where a further 14 stores were opened during the year.

Finally, they point out, Harris Furnishing had a much more successful year, although trading conditions for furniture business in the high street continues to be more difficult than in other areas.

Looking ahead, they say that the arrangements with the Symphony Group for kitchen concessions within most Queensway stores and the acquisition for Harris of exclusive use of the well established brand names Beautility and Lebus should help to improve profits.

Trading profits for the year expanded from £16.55m to £24.4m, and the taxable result was enhanced by a £1.74m turnround from interest payable to receivable of £632,000. Profit on property transactions fell to £596,000 (£895,000).

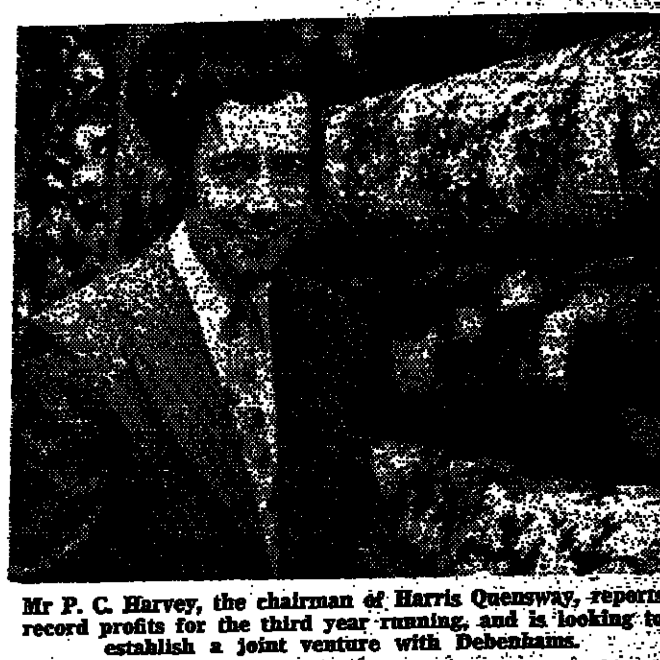
Tax took £7.97m (£5.01m) and minorities accounted for £360,000 (£292,000), leaving attributable profits at £17.3m (£11.02m). Earnings per share were 26.43p (18.42p).

Dividends will absorb £4.76m (£3.3m), after which the retained profit is £12.54m (£7.72m).

The group's balance sheet at December 24 1983 shows net tangible assets of £73.1m, compared with £59.3m at the end of 1982: the increase arises from retained earnings for 1983 of £12.5m and £24.6m from the rights issue.

A substantial part of the proceeds of the rights issue has been spent on improving the group's property portfolio and on lease financing. The company had net cash and bank balances of £13.29m on December 24 1983.

See Lex



Mr P. C. Harvey, the chairman of Harris Queensway, reports record profits for the third year running, and is looking to establish a joint venture with Debenhams.

Castlefield doubles to £1.5m halfway

Interim taxable profits more than doubled to £1.45m against £664,000 at Castlefield (Klang) Rubber Estate, and even surpassed the 1982-83 full year figure of £1.29m.

Castlefield, which has a palm and rubber plantation in Malaysia, had turnover of £2.9m (£1.98m) in the six months to end-December 1983. It included £1.42m (£825,000) relating to produce from neighbouring estates.

Rubber crops harvested in the eight months to February 29 1984 were down on the corresponding period following the £10m disposal of its Castlefield Estates; all rubber is now harvested from the Bukit Benut estate which is largely given over to oil palms.

The operating surplus for the six months was £814,000 (£346,000) and investment income contributed £639,000 (£318,000).

B. Matthews at record £7m and pays 6.5p

SECOND HALF profit from Bernard Matthews has reached £4.3m, and given a record £7m pre-tax for the year ended January 1 1984, compared with £5.7m. A final dividend of 4p raises the total from 5.25p to 6.5p net.

Mr Bernard Matthews, the chairman, says turnover rose from £62.71m to £75.59m. There was an increase of over 30 per cent in sales from the meat products division, which generates the great majority of the company's profits. Output from the division is running at over 1.5m packs per week, and the increasing and selling under Matthews Norfolk Farms brand.

He is encouraged by the reception given to the two new turkey meat products, Crispy Crumb Burgers and Turkey Steaks. The beef roast proved successful and distribution is being extended, while a range of new red meat products is also being developed.

The whole bird division operated with reduced profit because of depressed prices. However, increasing demand for the Golden Norfolk Turkeys resulted in the company achieving a greater market share.

Some £9m was spent on capital projects, the majority being incurred on the new turkey meat factory at Halesworth which opened towards the end of last year. The factory it replaced is now available for the production of a range of red meat products, including beef roast.

After tax £612,000 (£947,000) the year's net profit came out at £6.4m (£4.76m) and earnings per share were 43.82p (35.69p) before tax and 39.99p (29.77p) thereafter. Cost of the dividend is £1.04m (£840,000).

The material damage insurance claim following the fire has been settled in full and payments on account have been agreed in respect of the gross revenue losses claim. The fire delayed the planned new product launches considerably, and the company had to finance excessive stockholdings of turkey meat which it plans to eliminate during the current year.

In the first half of 1984 the company faces significant cost increases, Mr Matthews says. In addition to feeds there is the start-up at Halesworth. However, these short-term cost rises should be offset by profits from the introduction of several new products, both in this country and in export markets.

● comment

Second half margins came under pressure at Bernard Matthews "bootiful" turkey prices softened, costs rose, and the interest charge increased as a result of the major capital expenditure programme to resite and expand processing capacity at Halesworth. Unfortunately, these untimely factors are not going to go away just yet, which puts heavy pressure on the company's new products to maintain the profits trend. All this highlights BM's vulnerability towards becoming ex-growth again. Having gone as far as it can reasonably be expected to go in its traditional whole bird market, the company depends on the ability to diversify, especially into products with high value added content. Hence the stress on turkey steaks, sausages, roasts, all of which—to BM's credit—help the processing activities to turn in around 55 per cent of group products. The point is that to maintain consumer interest the company has had to lock itself into a continual product development cycle to spot potential winners—a risky business. The new red meat beef roast, for example, has still to prove itself in a market which has seen many casualties before, as does the pork and lamb roasts. Although innovation has been the basis of its success in the past, there is a question mark as to how long the company can continue to come up with new meals to fuel profits growth. This probably accounts for the undemanding historic p/e of 4.6 at 187p compared with a sector average of 8.8.

UK and Mexico lift Bridon £6m

THE CONTINUING trend of increased UK profitability and a significant recovery by the related company performance in Mexico enabled **Bridon** to *achieve a £6m rise in pre-tax* profits to £11.1m for 1983, its best return since 1978.

With earnings per 25p share well ahead at 15.6p (5.7p), pre-extarordinary items, the final dividend is being increased from 1.8p to 2.3p for a net total of 3.5p, compared with 3p.

Mr Jack Laird, the chairman, says that during 1984 the aim is to consolidate the better UK level of profit reached over the past year.

He adds that overseas, any recovery in the demand from the basic industries in the U.S. and Canada would significantly improve results, the group manufactures wire and wire rope.

Commenting on 1983's results Mr Laird points out that in both the UK and Mexico the improvement was a reflection of management initiative and employee effort rather than any market-led recovery.

The continuing recessionary pressure in the group's wire rope market sectors in the U.S. and Canada was the most serious adverse factor affecting the results, with Bridon American showing a substantial loss.

The agreement concluded by Bridon American with U.S. Steel Corporation early this month concerning certain of U.S. Steel's wirfe rope assets will strengthen Bridon American's position.

The group's financial position remains "strong." Borrowings at year-end were £19.5m and the gearing on a net debt to capital employed basis was 18 per cent.

Group turnover for 1983 totalled £266.3m (£255.1m) and trading profits, including associates before interest, amounted to £16.3m, compared with £12.6m.

● comment

Bridon's battle back to recovery still seems to be taking place in a hostile environment. The upturn in the UK is due partly to rationalisation benefits, but also to a couple of big orders completed in the first half. In Mexico, again, recovery was due *mostly to the company's unaided* efforts (though inflation also introduced a sizeable element of stock profits). At least, though, the peso was fairly stable last year; and Mexican debt is now peso-denominated, so a further fall in the exchange rate might actually help, given the high level of dollar-denominated receivables. The big problem came in the U.S., where silly competition led to losses of some £2½m. But with the acquisition agreement completed with U.S. Steel, breakeven should be possible this year. Full year profits could be £13.5m, which would put the shares — up 2p at 96p — on a multiple of only 5. But as with other companies in the sector, the market is starting to wonder where growth will come from after rationalisation benefits have worked through the system.

Lambert Howarth moves ahead and lifts payout

CONFIDENCE AT mid-term was justified for **Lambert Howarth Group**, footwear manufacturer *and substantial supplier* to Marks and Spencer. A strong second half saw pre-tax profits rise from £1m to finish the year ended 1983 at a record £1.32m. At the interim stage the result was £349,636, against £215,089 for the comparable period.

The directors recommend a final idvidend of 4.25p, against 3.54p, to lift the year's total from the equivalent of 4.79p to 5.75p. Another 1-for-5 scrip issue is being proposed.

Turnover showed an increase of 11.5 per cent to rise from *£17.45m to £19.45m*. The taxable profit was arrived at after depreciation of £377,174 (£280,167) and interest charges which fell from £78,239 to £14,860. Tax took £500,287 (£444,653). Profits attributable to shareholders were £822,745 against £556,494, before a deferred tax relief credit of £156,500 (nil). Earnings were up from an adjusted 15.4p per share to 22.4p.

COMPANY NEWS IN BRIEF

TAXABLE REVENUE for the year to February 29 1984 at **Jove Investment Trust** rose to £920,000 against £839,000.

Gross revenue totalled £1.21m (£1.19m) and tax took £279,000 (£250).

A second interim dividend in lieu of a final is being paid of 2.4p (2.3p) per income share, making 4.5p (4.3p) for the year. Earnings are shown as 4.53p (4.16p), net asset value per income share is 51.18p (51.16p) and per capital share 21.87p (6.49p).

The company is to acquire 32 per cent of Rivermoore Management Services, its managers and secretaries for the past eight years.

The other share holders will be Danae Investment Trust (16 per cent), stockbrokers Seligmann Rayner (32 per cent), and Mr S. J. Cockburn, Rivermoore's managing director who is also a director of Jove and Danae (20 per cent).

Rivermoore owns half of Jascon which has a limited partnership in Seligmann Rayner.

In March Jove bought a £500,000 loan note issued by Seligmann Rayner which has acquired an interest in 1.83m capital shares in Jove (12.9 per cent). This includes 480,000 shares held by discretionary clients.

* * *

Engineer and steel fabricator **Celtic Haven** has pushed up its profit from £105,318 to £125,498 in the half year ended September 30 1983. And the current six months are expected to show a satisfactory profit, the directors state. The comparable figure was £11,585.

Earnings for the half year are shown at 1.4p (1p) and the interim dividend is held at 0.25p net per share. The final for the previous year was 0.5p.

Turnover came to £1.19m (£464,000). After tax £31,374 (£54,765) the net profit is £94,124 (£50,553) and there is an exception debit of £18,077.

The company has exchanged contracts for the purchase of certain assets owned or being used in the business known as B and B Plant, which is engaged in pipe-laying and associated work. Completion is set for this week end and the consideration is £150,000. It is expected that profits accuring will be not less than £50,000 in the next 12 months.

* * *

A record level of exports at **Richards (Leicester)** has helped cut pre-tax losses from £347,000 to £197,000 for 1983. The directors point out that the second half continued to reflect the overall decline in capital spending by British industry.

The net final dividend has been held at 1p which maintains the total at 2p. Losses per 25p share of this close company fell from 14.6p to 4.2p.

Turnover rose from £5.28m to £5.91m—the company is a structural and mechanical engineer and ironfounder.

* * *

Precious Metals Trust, investor in precious and strategic metals securities, has reported a pre-tax deficit of £76,000 for the six months to January 31 1984, against a comparable £326,000 profit. The last full year showed a profit of £355,000.

Net asset value for the first half moved up from 154.9p to 136.1p.

The decline follows a £96,000 loss on investment dealing. The directors state that the metals held by the dealing subsidiary were valued at their market prices on January 31, which was below cost. They add that the loss is not indicative of the full year's result.

Turnover, representing the proceeds from the sale of dealing investments, was down from £725,000 to £662,000. Tax took £9,000 (£166,000) to leave a deficit of £85,000 (profit £160,000). The loss per share was 0.71p (earnings 1.34p).

There is no interim dividend, in line with the board's policy of considering a dividend only at the financial year-end.

* * *

ON TURNOVER down for the six months to October 31 1983 from £501,000 to £460,000 **Regentcrest** property investor reported an increased loss before tax of £40,928 against £32,899. There was no tax charge as in the previous half.

* * *

Further growth was achieved by **Newey Group** in the year to January 1984, and the directors expect the improvement to continue.

Turnover in the 12 months expanded from £12.04m to £14.57m and taxable profits emerged £350,000 higher at £1.02m. Newey is a manufacturer of smallware and is a wholly-owned subsidiary of German-based, William Prym-Werke K.G.

Profits were struck after depreciation and other amounts written off of £468,000 (£469,000), interest payable of £298,000 (£394,000), and other operating expenses of £3.21m (£3m).

Overseas subsidiaries have made an encouraging start to the current year but activity in the UK, while higher than the corresponding 1983 period, does not indicate that the market will show prolonged expansion.

Tax for the year took £102,000 (£44,000)—extraordinary debits accounted for £388,000 last time. Earnings per share were 36p (24.6p).

* * *

A return to pre-tax losses of £65,000 against losses of £286,000 have been made by **W. Tyzack, Sons & Turner** for the 26 weeks to January 28 1984. Turnover of this engineer moved up from £2.4m to £3.03m.

In the last full year losses came to £436,000.

There is again no interim dividend. Earnings per 25p share came to 3.3p (loss 16p and 14.8p before exceptional debits of £22,000). Tax came to £4,000 (nil).

COMPANY NOTICES

ANGLO AMERICAN GOLD INVESTMENT COMPANY LIMITED

(Incorporated in the Republic of South Africa)

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the forty-seventh annual general meeting of members of Anglo American Gold Investment Company Limited will be held at 44 Main Street, Johannesburg, on Wednesday April 25, 1984 at 09h00, for the following business:

1. To receive and consider the annual financial statements of the company for the year ended February 29, 1984.
2. To elect directors in accordance with the provisions of the company's articles of association.
3. To consider and, if deemed fit, to pass, with or without modification, the following resolution as an ordinary resolution:
"That the directors are hereby authorised:
(i) To allot and issue all or any portion of the 247 988 unissued ordinary shares of R1 each and the 60 000 000 unissued redeemable cumulative preference shares of 10 cents each in the capital of the company, at such time or times, to such person or persons, company or companies, and upon such terms and conditions as they may determine.
(ii) To make arrangements on such terms and conditions as they may deem fit for the subscription by underwriters of:
(a) any shares in the company offered by way of rights issues but not taken up by persons entitled thereto; and
(b) any shares resulting from the consolidation of any fractional entitlements in respect of any shares issued in pursuance of a rights issue, provided that any rights to such shares which can be sold in nil-paid form on the Johannesburg and/or London Stock Exchanges during the period in which they are offered are so sold, and that the proceeds of such sale be paid to the persons entitled thereto."

Holders of share warrants to bearer wishing to attend the meeting in person or by proxy must comply with the regulations of the company under which share warrants to bearer are issued.

A member entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and vote in his stead. A proxy need not be a member of the company.

By order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: [illegible]
Divisional Secretary

Registered Office:
44 Main Street,
Johannesburg 2001.
London Office:
40 Holborn Viaduct
London EC1P 1AJ.
March 29, 1984.

CHANGE OF ADDRESS

S.G. WARBURG & CO. LTD.

Notice is hereby given to holders of those bearer securities for which S.G. Warburg & Co. Ltd. act as Paying, Conversion or Warrant Agents that from 29th May, 1984 the Registered Address of the Company will be:

33, King William Street,
London, EC4R 9AS.

Telephone 01-280 2222   Telex 22941

Such securities should be lodged at the new address from that date.

BIDS AND DEALS

'Excellent returns' as Croda moves past £17m

FOR THE third year running Croda International, the chemical processor, has improved its profits significantly. The group is moving back to the sort of levels of performance which it experienced regularly a decade or so ago, says the chairman Sir Frederick Wood.

In 1983 sales rose by 11 per cent, from £307.1m to £341.13m and profits by 17 per cent from £15.04m to £17.57m. And the current year appears to be starting satisfactorily; the group has every expectation of improving its results yet again, the chairman tells shareholders.

He makes particular reference to the speciality chemicals divisions whose returns at home, in the U.S. and elsewhere throughout the world "have been really excellent." More than one half of profit was produced by these operations whose capital employed was only about one-third of the total involved in Croda.

A split of the profit shows, in £000s: Croda Chemicals £10,251 (£8,639); World Traders £2,059 (£3,754); Polymers £3,023 (£4,413); Organic Chemicals—synthetic division sold last October, £782 (loss £117) and retained businesses £888 (£350).

After tax £7.6m (£6.61m), minorities £101,000 (£66,000), and extraordinary debits £2.33m (£1.22m), the net attributable to Croda came to £7.53m (£7.15m). Basic earnings are shown at 16.6p (14.24p) pre-tax and 9.31p (7.82p) net, and fully diluted at 15.03p (12.9p) pre-tax and 8.43p (7.18p) net. The final dividend is 4p to maintain the total at 7p net.

To give maximum support to an expansion of retailing interests in the UK, Croda has formed a new sub-group with the same Cromano Consumer Products, which will include all operations in that area.

● comment

The timing of Burmah Oil's 1981 bid for Croda (at 70p a share) now looks better by the month—and, indeed, its motive. Speciality chemicals, broadly defined to include its Universal division's fatty acids business, have been the mainstay of Croda's cyclical recovery. The real surprise, though, is that the traditionally strong September-November trading period should also have provided the Polymers and World Traders divisions with quite such a boost in 1983. Profit growth early in the year were sapped a little by Croda's efforts to swell pre-tax profits in 1982—in deference to its supporters against that Burmah bid—so the final results may understate the total impact of the recovery, which has apparently continued into the current quarter. On this premise, and assuming an upturn in the Australian operations in the year to this September, Croda ought to be aiming for as much as £25m pre-tax in 1984. At 123p, up 7p, the prospective p/e is still under 10 on the fully diluted, stated tax basis and the yield is 8½ per cent. And with the net debt: equity ratio back under 30 per cent—at its lowest since the '60s even after all the recent streamlining—perhaps Croda might even contemplate some strategic expansion to stir just a little of the market's old enthusiasm.

CU shares advance 17p on 'dawn raid' speculation

BY ERIC SHORT

THE SHARE price of Commercial Union Assurance yesterday rose 17p to 205p—9 per cent—on strong rumours of an impending "dawn raid" on behalf of a U.S. financial institution.

There was good business throughout the day which continued well into after hours trading, including the transaction of significant call option business in CU's shares.

There has been considerable recent speculation about what CU would do with its important U.S. operations. Last month it reported record underwriting losses of £245.4m in 1983 on its U.S. operations.

Arguments have been advanced that CU is about to sell off its U.S. interests or merge them into another U.S. insurance group. Now some investors are even debating whether CU will follow the *example of Bowater and separate* its U.S. business from its activities in the rest of the world.

However, the latest speculation is that a U.S. insurance group is about to bid for or take a stake in Commercial Union.

Such takeover considerations have been popular ever since the West German insurance group Allianz Versicherung made an unsuccessful attempt to acquire Eagle Star Holdings.

Various U.S. insurance groups are being put forward as possible candidates, ranging from companies with already established international insurance operations, to domestic life companies eager to diversify into the U.S and overseas general insurance markets.

Commercial Union claimed no knowledge of any moves to acquire its shares, neither has it any plans for making any early announcements on its U.S. or any other major operations.

Its Annual General Meeting is on April 16.

GrandMet in drinks deal with Coca Cola

By Lisa Wood

Coca Cola, the world's largest soft drinks operation, is to buy Grand Metropolitan's soft drinks business in the UK.

No price has been given for the acquisition, completion being subject to a definitive agreement the two companies said in a joint statement. The acquisition by Coco Cola is being done by its export arm, the Coca Cola Export Corporation.

Grand Metropolitan's soft drinks business is CC Soft Drinks, which has two subsidiaries, Cantrell & Cochrane (GB) and CC Southern Bottlers which holds the Coca Cola franchise in Britain.

Grand Met, the brewing, hotel and leisure group, has an 89.9 per cent shareholding in CC Soft Drinks with Greene King, the independent brewer, holding the rest.

Annual turnover of CC Soft Drinks, part of Grand Met's *Watney Mann and Truman* brewing subsidiary, is understood to be at least £70m a year and the group ranks about third in the UK soft drinks market which is led by Schweppes.

The soft drinks market has grown in recent years, in 1982 by 5 per cent on 1981. CC Soft Drinks produces the whole range of soft drinks through products under the Club brand.

Grand Met said yesterday its soft drinks business in the UK had, as a result of changed management improved its results over the last three years.

It added that the soft drinks business would have a strong future as part of the world's largest soft drink operation.

* * *

Independent Newspapers' associate radio company in San Diego, has bought Radio KJOI, the third largest FM station serving Los Angeles from Beatrice Foods for $18m (£12.43m).

Mr Tony O'Reilly, Independent's chairman, told the company meeting in Dublin yesterday that the purchase had been financed by Manufacturers Hanover and Bankers Trust.

He also announced buying a 49 per cent stake in Buspak, Australia, for £500,000 and selling one of Independent's outdoor advertising businesses in Germany for DM 4m (£1.06m).

* * *

Acceptances to **BAT Industries'** offer for Eagle Star total 137,256,714 shares, representing 99.22 per cent of the share capital.

Rights sold by Exco Intl. directors

N. M. Rothschild and Sons has *sold 2,862,500 rights to subscribe* for new ordinary shares in Exco International at 28p per nil paid right.

The rights sold arose as to 565,730 in relation to fractions and to shareholdings of North American Residents (including 297,500 relating to Mr P. J. D. Angelo, a director of Exco). A total of 1,996,770 were sold in relation to the shareholdings of other directors of Exco, a former director, senior executives and related parties.

Following the placing, shareholdings of directors are: Mr H. S. Clarke 7,638 shares; Mr J. L. Sauester 1,350; Mr J. H. Gunn 1,077,450; Mr W. E. Matthews 650,762; Mr R. C. Lacy 725,311; Mr J. N. Irvine 380,000; Mr W. Campbell Allan 1,250; Mr R. B. Bradley 1,250.

Mr P. W. Burand sold 20,999 and now holds 84,000. Mr P. J. D. Angelo sold 297,500 and now holds 1.19m. Mr M. C. Hume now holds 775,669, and Mr P. Jesperson has sold 241,354 and now holds 965,418.

Mr J. N. G. Moreton now holds 625,000. Mr J. G. O. Neill has sold 214,536 and now holds 860,340.

Mr R. P. Worthington has sold 181,891 and now holds 727,566 shares. Mr J. A. Heywood now has 5,000 shares.

Executive directors have undertaken to take up the balance of their rights and *directors will, on completion of* the rights issue, continue to hold 8,077,904 ordinary (10.4 per cent) of enlarged issued capital).

Pritchard Services buys Spearhead for £0.4m

Pritchard Services Group (PSG), through its subsidiary *Pritchard Janitorial Supplies* (PSJ), has acquired the Spearhead Chemicals group from **Oceana Holdings** for £380,000 cash.

Spearhead's subsidiaries being purchased are Vectakleen Products, Multiclean, GNR (Chemicals), Hygenol and the Janitorial Supply House.

In addition, for £120,000, PJS has acquired from Mr P. J. Doyle (but with a small minority interest from Mr R. Yearsley), Stretton Chemical Co, Radium Chemicals, Radium (Hire and Maintenance) Services and Dyson Chemicals.

PJS has also acquired the business and assets of Panda Floor Machines Universal Industrial Appliances, principally from Mr Doyle (but with minority interests from Mrs P. J. Doyle and Mr S. W. Batty) for £5,000. In addition, there is a deferred contingent consideration equal to the excess—not exceeding £245,000—of the net tangible assets being acquired over their warranted total of £250,000.

The deferred consideration, if any, will be satisfied by the issue of ordinary shares in PSG at 127p each, when the total net tangible assets have been determined.

Managing director bids £2m for Hornsea Pottery

The former managing director of **Hornsea Pottery**, Mr Gordon Barker, has made a bid in excess of £2m for the company.

Mr Barker was managing director until February 17 1984 when he, together with other senior management and more than 150 employees, were dismissed by the joint receivers.

Commenting on his bid, Mr Barker says: "I have no doubts as to the tremendous potential *of the respected Hornsea name* in the quality pottery market. Although this could not be described as a management buy-out, but more a director buy-out, I am confident that with the support of several key managers and the workforce we can ensure the future success of the pottery and safeguard jobs prospects in a comprehensively restructured company."

He says he would concentrate on developing and expanding the pottery and would try to "end once and for all the uncertainties which have plagued the company for the past five years."

Hornsea's turnover was £5m in 1983 but a loss of £400,000 was incurred.

BIDS AND DEALS IN BRIEF

...**East Midland Allied Press** confirms it has acquired Choice Publications and its subsidiaries, Retirement Choice Magazine Company and the Over Fifty Club, from December 31 1983.

Consideration of £1.07m will be met by £556,734 cash and 735,715 A shares. The companies' assets are valued at £55,934 and they made pre-tax profits for 1983 of £222,274.

John Jenkins and John Kemp, the sellers, will stay directors and have service contracts with Choice until June 30 worth £15,500 each.

* * *

Lep Group has agreed to acquire a major interest in the **National Guardian Corp.** The U.S. completion is expected by March 31.

Lep will subscribe in cash for *498,257 new common shares, at* $11.50 per share, making a total of $5.73m (£3.99m) cash. Lep will then own 31.6 per cent of the common stock in issue. The cost will be financed from existing Lep resources.

Net profits for N.G. for 1983, amounted to £615,000. The net assets as at the end of 1983 amounted to £840,000.

* * *

Albert Martin Holdings, a Nottingham-based textile group, has again rejected a £3.5m takeover bid from **Wilson and Company**, a Hong Kong based holding company for Jefferson group of textile import and knitwear manufacturing businesses. The group will shortly announce its reason for rejection.

* * *

Avana Group has received acceptances in respect of 1.59m shares (13.2 per cent) of **Basset Foods** and has extended its offer to April 6.

* * *

Taddle Hotels, together with its associates, now hold 4,880,947 shares (80.8 per cent) in **Prince of Wales Hotels**. The offer has been declared unconditional and will not be extended beyond April 11.

* * *

Consolidated Plantations has *agreed to sell 230,000 shares* (11.5 per cent) in **Taiping Consolidated Berhad** at M$30 (£9) per share to **Kumpulan Wang Simpanian Peker Ja.** Consideration was arrived at on a willing seller, willing buyer basis.

The company's interest in TCB prior to this sale was 19.93 per cent. The sale would result in the reduction of CPB's equity interest in TCB to 8.43 per cent.

* * *

Mr Joe Hyman and trusts controlled by him own 13.1m (17.03 per cent) shares in **Readicut International**, it has been announced.

* * *

Acceptances to **Hanson Trust's** offer for **London Brick** have now reached a level whereby Hanson can compulsorily acquire the outstanding balance.

* * *

As a result of acceptances to *the offers and purchases of Hong* Kong Telephone ordinary and warrants **Cable and Wireless** now owns 79 per cent of HKT's ordinary and 76 per cent of the warrants which, taken together and assuming full subscription of all the warrants in issue, would represent 79 per cent of HKT's increased share capital.

* * *

Laporte Australia (Holdings), a subsidiary of **Laporte Industries** *has completed the purchase* of Abel Lemon, an Australian chemical distribution business with annual sales of A$50m (£32.4m), from the **Adelaide Steamship Company.**

Also, Laporte Industries has been granted permission by the Government of Malaysia to manufacture activated earth products at Pasir Gudang in the state of Johore.

* * *

Contracts have been exchanged for the acquisition of **Delaney Brothers Holdings** and for the sale by **Birmingham Pallet Group** of the remaining active ERI. Consideration for the acquisition will be the allotment of 9m new *ordinary of BPG.*

ERI is being sold to its managing director, M. M. Starr, and members of his family. They will pay £70,000 for the share capital and will procure the repayment by ERI of its indebtedness to BPG amounting to some £360,000.

Minster Trust is to place 2.25m ordinary of BPG at a price of 42p. Of these 1.97m will be new shares allotted to the vendors of Delaney. The balance of 281,454 will be existing shares owned by Mr Starr and members of his family who will use the proceeds in the purchase of ERI.

Birmingham Pallet shares to be issued to present shareholders of Delaney will represent 90 per cent of the enlarged issued capital. Following the deal present shareholders of Delaney will together hold 70 *per cent.*

The proposed acquisition by **Trafalgar House** of **Scott Lithgow** and the possible acquision by **Howard Doris** of 25 per cent of **Scott Lithgow** are not to be referred to the Monopolies and Mergers Commission.

* * *

The Stock Exchange listing of **Kunick Holdings** cancelled at the company's request yester*day. An application to deal in* the shares under Rule 163 (2) may be submitted.

* * *

New Cluff B ordinary shares will be dealt on the USM. The appropriate resolution at the EGM of **Oil and Associated Investment Trust** was passed and the capital reorganisation approved has been effected. Offers by Cluff have become unconditional in all respects.

Net asset value per Trust share as at March 15 was 155.79p. Offers value each Trust ordinary at the equivalent of 1.8057 Cluff B ordinary (approximately). Cash alternative values each ordinary at 158.9058p for every 1 Trust ordinary.

Assuming offers are implemented in full, 18.06m new club B ordinary credited as fully paid will be issued as consideration, a total consideration of approxi*mately £15.9m at the under*written price of 88p.

Fractions will be aggregated and sold in the market, and individual entitlements amounting to less than £2 will be retained for benefit of Cluff.

The offer remains open for acceptance until further notice.

Under the cash alternative, applications have been received in respect of 3,478,924 new club "B" ordinary, which will be met in full.

The total consideration payable under the cash alternative amounts to some £14m of this cash for some £3m was raised in respect of applications received from Cluff shareholders to purchase the new Cluff "B" ordinary.

The balance will be provided by Samuel Montagu on behalf of sub-underwriters. After allowing for set off in respect of applications by certain of the sub-underwriters who are also share*holders of Cluff, sub-underwriters* will be purchasing 77.545 per cent of the new Cluff "B" ordinary underwritten.

BANK RETURN

	Wednesday March 28 1984	Increase (+) or Decrease (—) for week	
BANKING DEPARTMENT			
Liabilities	£		£
Capital	14,553,000		—
Public Deposits	933,044,857	—	394,654,740
Bankers Deposits	656,643,455	—	76,936,083
Reserve and other Accounts	1,406,219,290	+	418,652
	3,011,460,602	—	470,370,880
Assets			
Government Securities	507,218,298	—	66,602,692
Advance & other Accounts	750,206,575	+	93,147,936
Premises Equipment & other Secs.	1,746,822,188	—	494,915,157
Notes	7,025,944	+	3,017,106
Coin	187,689	+	16,133
	3,011,460,602	—	470,370,880
ISSUE DEPARTMENT			
Liabilities	£		£
Notes issued	11,560,000,000	+	70,000,000
In circulation	11,552,974,056	+	7,3017,100
In Banking Department	7,025,944	—	3,017,100
Assets			
Government Debt	11,015,100		—
Other Government Securities	1,918,124,497	+	362,829,118
Other Securities	9,630,860,403	—	292,829,118
	11,560,000,000	+	70,000,000

VONTOBEL EUROBONDINDIZES

WEIGHTED AVERAGE YIELDS
PER 27 MARCH 1984

	Today	INDEX Last week	% Year's High	Year's Low
US$ Eurobonds	12.41	12.27	12.44	11.52
DM (Foreign Bond Issues)	7.25	7.20	7.46	7.14
HLF (Bearer Notes)	7.68	7.74	8.11	7.65
Can$ Eurobonds	13.82	13.59	13.91	12.61

Bank J. Vontobel & Co Ltd, Zurich - Tel: 010 411 488 7111

FOR INVESTMENT

FACTORIES AND WAREHOUSES

FOR SALE

OFFICES TO LET

INVESTMENTS FOR SALE

OFFICES

TO LET

LAND FOR SALE

INTERNATIONAL PROPERTY

PERSONAL

CLUBS

COMPANY NOTICE

CANADAIR FINANCIAL CORPORATION INC
FORMERLY CANADAIR LIMITED
NOTICE OF ADJOURNED MEETING OF
HOLDERS OF 15½% GUARANTEED NOTES DUE MARCH 15, 1987

NOTICE IS HEREBY GIVEN that the meeting of the holders of 15½% Guaranteed Notes due March 15, 1987 issued under a Trust Indenture dated as of March 11, 1982, made between Canadair Limited and Montreal Trust Company called to be held on March 28, 1984, at 9.30 a.m. Montreal time at the offices of Montreal Trust Company, 1 Place Villa Marie, Montreal, Quebec, Canada, failed to transact the business for which the meeting was called due to lack of a quorum and has been adjourned to April 12, 1984, to be held at the same time and place. According to the provisions of the Trust Indenture, the Noteholders present or represented by proxy at the Adjourned Meeting will form a quorum for the purpose of considering and, if thought advisable, transacting the business for which the meeting was originally called. Proxies deposited with Montreal Trust Company, Euroclear, Cedel S.A. or any of the Paying Agents mentioned in the notice published in the Financial Times on March 13, 1984 calling the original meeting will remain valid and in force for the purposes of the adjourned meeting unless cancelled not later than 48 hours before the time of such meeting.

DATED this 30th day of March, 1984.

CANADAIR FINANCIAL CORPORATION INC
(formerly Canadair Limited)

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Friday March 30 1984

Copper prices surge to eight-month high, Page 36

WALL STREET

Excitement abates as funds firm

THE EXCITEMENT in Wall Street financial markets died away yesterday when the Federal funds rate, freed from the technical pressures of the bank settlement operations, returned to 10 per cent after its plunge to 5 per cent on Wednesday and both stock and bond markets settled down around overnight levels, *writes Terry Byland in New York.*

Confidence in the credit markets was helped by the successful outcome of the auction of $5.25bn in seven-year Treasury notes, and by reports of a good demand ahead of yesterday's auction of $3.75bn in 20-year bonds.

The existing 20-year Treasury bond was very firm as the outcome of the auction was awaited. But the rest of the bond sector shaded lower after the announcement that the Commerce Department's leading economic indicators had risen by 0.7 per cent in February, rather more than expected. In the stock market, prices edged forward after a dull start.

Leading stocks moved ahead steadily during the morning, but began to slip lower towards the close under the influence of a dull bond market. The Dow Jones industrial average ended a net 3.87 points down at 1,170.75, on turnover of 82.8m.

The bond market remained dull beneath the shadow of the Federal Funds rate, which edged up to 10⅛ per cent. The auction of 20-year bonds brought a yield of 12.47 per cent. Demand at the auction was disappointing in view of the preceding optimism. Bonds turned easier at the close, despite the announcement of an almost unchanged M1 money supply total.

On the oil pitch, Shell Oil was suspended at its own request pending a statement from the board room. On the American Stock Exchange, Husky Oil, the Canadian energy group, made a delayed start at $9, down $⅛ after the news that U.S. Steel's Marathon Oil subsidiary was to buy Husky's U.S. oil operations.

Other Canadian oil stocks sprang to life after the U.S. Steel announcement. Dome Petroleum added $1/16 to $3⅛, and Gulf Canada, although unchanged at $14½, had a busy session.

The revival in the oil sector brought interest in some of the recent U.S. takeover favourites. Unocal put on $1⅛ to $37⅞ in heavy trading.

The hand of the chief institutions appeared to be disclosed in gains among the market leaders, including General Motors, $¾ up at $65½; Ford, $⅜ up at $37⅞; and General Electric, $¼ higher at $35⅞. But IBM at $115½ gained only $⅛.

AT&T remained very active, although unchanged at $15¾ after its entry into the computer business. But Mitel shed a further $½ to $7⅞ in continued response to adverse comment on its place in the telephones market.

Digital Equipment, still unsettled by the prospects of direct competition with AT&T, lost a further $¾ to $91⅛.

Head of the active stocks list at one time was UAL (United Airlines) which gained $⅞ to $32½ on renewed appreciation of growth prospects in the U.S. domestic airline industry.

There was a sharp fall in Walt Disney after Mr Saul Steinberg disclosed that he was the mystery buyer in the market. The stock dipped $⅞ to $62⅛, with investors unconvinced that Mr Steinberg would move to a full bid.

The surprise news that the Columbia Court of Appeals had granted a temporary stay of the FCC's approval for the takeover by McDonnell Douglas brought a delayed start for Tymshare, which later traded $¼ down at $24¼.

Caterpillar Tractor eased by $¼ to $52¼ as profits were taken after the gain of the previous session. But firm spots among the industrials included Motorola, up $1¼ at $118⅜. Merck, the pharmaceuticals group, added $¼ to $94.

In the consumer sector, Campbell Soup added $1⅞ to $61¼ after press comment on moves to enter new markets, and to redesign the famous soup can. J. C. Penney, the department store group, gained $⅛ to $50⅜.

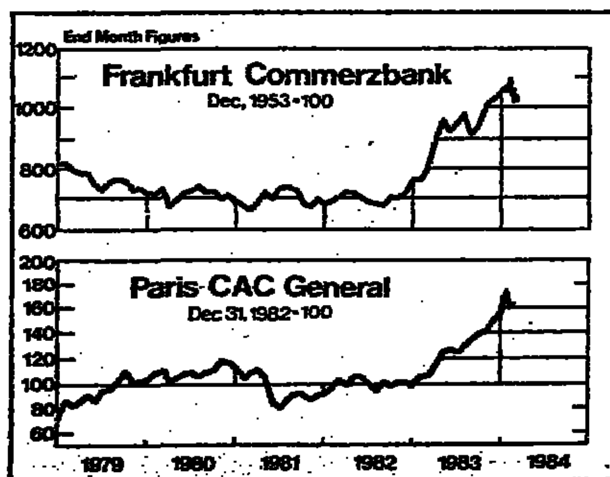
Stock prices began to slip back from their best levels at midsession, however, and there were still many doubts over the outlook for the equity market. Several analysts doubted whether the stock market had yet established a base sound enough for a recovery to commence, and doubts over the credit policy of the Federal Reserve were again cited as reasons for caution.

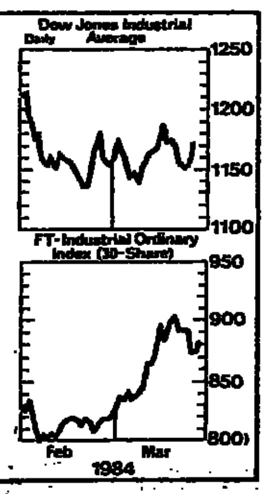
In the credit markets, the strength of the existing 20-year-bond seemed to bear out reports that nearly $1bn of the new issue had been bought ahead of the auction in the yield-only market. Principal investors want the bond because they will split the bond from its dividend coupon, and trade both parts as zero-coupon securities.

But the rest of the bond market slackened off after Wednesday's bulls had found buyers unwilling to follow them. Falls of around 5/32 were spread throughout the list, with the key long bond 22/32 off at 96 8/32 to yield some 12.48 per cent.

Treasury bill rates opened higher but topped off after the Fed announced that it would buy bills after the auction. Three-month bills stood at a discount of 9.71 per cent, four basis points up, with the six-month bill at 9.82 per cent, adding five basis points.

KEY MARKET MONITORS





STOCK MARKET INDICES

	March 29	Previous	Year ago
NEW YORK			
DJ Industrials	1170.75	1174.62	1131.19
DJ Transport	509.57	508.33	508.02
DJ Utilities	127.99	128.32	125.05
S&P Composite	159.52	159.88	151.59
LONDON			
FT Ind Ord	881.8	875.2	655.1
FT-SE 100	1113.6	1103.6	874.3
FT-A All-share	524.77	521.14	411.94
FT-A 500	567.93	564.72	446.16
FT Gold mines	651.9	628.8	559.7
FT-A Long gilt	10.04	10.05	10.79
TOKYO			
Nikkei-Dow	10,801.55	10,700.87	8424.13
Tokyo SE	852.96	843.73	615.04
AUSTRALIA			
All Ord.	745.1	739.8	506.9
Metals & Mins.	525.6	518.1	458.5
AUSTRIA			
Credit Aktien	55.06	54.96	53.75
BELGIUM			
Belgian SE	146.75	146.4	115.88
CANADA			
Toronto Composite	2391.8	2379.4	2122.4
Montreal Industrials	434.68	431.49	354.83
Combined	406.84	404.69	351.76
DENMARK			
Copenhagen SE	180.07	179.33	134.06
FRANCE			
CAC Gen	163.6	162.5	114.5
Ind. Tendance	104.9	104.3	72.7
WEST GERMANY			
FAZ-Aktien	347.49	348.53	296.02
Commerzbank	1020.6	1023.4	890.8
HONG KONG			
Hang Seng	1057.09	1118.85	979.56
ITALY			
Banca Comm.	218.42	220.02	210.78
NETHERLANDS			
ANP-CBS Gen	160.3	159.1	124.8
ANP-CBS Ind	128.9	127.3	107.7
NORWAY			
Oslo SE	262.33	258.92	152.49
SINGAPORE			
Straits Times	986.46	980.12	839.16
SOUTH AFRICA			
Golds	n/a	981.8	702.1
Industrials	n/a	1069.5	828.4
SPAIN			
Madrid SE	119.09	118.96	112.26
SWEDEN			
J & P	1567.26	1550.1	1255.87
SWITZERLAND			
Swiss Bank Ind	368.0	366.4	311.8
WORLD	March 28	Prev	Year ago
Capital Int'l	187.9	186.1	164.6

GOLD (per ounce)

	March 29	Prev
London	$389.75	$386.25
Frankfurt	$390.75	$386.25
Zürich	$390.75	$386.00
Paris (fixing)	$391.58	$387.30
Luxembourg (fixing)	$390.25	$386.20
New York (April)	$389.80	$386.10

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	March 29	Previous	March 29	Previous
$	–	–	1.4475	1.447
DM	2.592	2.5975	3.755	3.76
Yen	224.2	225.1	325	326.0
FFr	7.9875	7.9925	11.56	11.565
SwFr	2.149	2.159	3.1125	3.125
Guilder	2.924	2.934	4.235	4.2475
Lira	1617.5	1619.0	2340.5	2341.5
BFr	52.9	53.29	76.6	77.0
C$	1.27875	1.27975	1.8515	1.8505

INTEREST RATES

	March 29	Prev
Euro-currencies (3-month offered rate)		
£	9	9
SwFr	3⅝	3¾
DM	5⅝	5⅝
FFr	14⅜	14½
FT London Interbank fixing (offered rate)		
3-month U.S.$	10⅝	10 13/16
6-month U.S.$	10 15/16	11 1/16
U.S. Fed Funds	9 15/16	8
U.S. 3-month CDs		10.30
U.S. 3-month T-bills		9.66

U.S BONDS

Treasury		March 29* Price	Yield	Prev Price	Yield
11½	1986	100 7/32	11.45	100 5/32	11.44
11¾	1991	100 4/32	12.32	97 11/32	12.33
11.75	1993	96 18/32	12.40	96 18/32	12.40
12	2013	96 22/32	12.43	96 22/32	12.43

Corporate	March 29* Price	Yield	Prev Price	Yield
AT & T				
10⅜ June 1990	91	12.50	91	12.50
3⅝ July 1990	70⅛	10.50	70½	10.40
8⅝ May 2000	71½	13.00	71½	13.00
Xerox				
10⅞ March 1993	88⅜	12.85	88⅜	12.85
Diamond Shamrock				
10⅞ May 1993	87¼	13.05	87¼	13.05
Federated Dept Stores				
10⅞ May 2013	81¼	13.15	81¼	13.15
Abbot Lab				
11.80 Feb 2013	90	13.50	90	13.50
Alcoa				
12¼ Dec 2012	91	13.50	91	13.50

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	66–30	67–01	66–21	66–24
U.S. Treasury Bills (IMM) $1m points of 100%				
June	90.05	90.08	90.01	90.05
Certificates of Deposit (IMM) $1m points of 100%				
June	89.22	89.28	89.19	89.22
LONDON				
Three-month Eurodollar $1m points of 100%				
June	89.13	89.20	89.09	89.06
20-year Notional Gilt £50,000 32nds of 100%				
June	109–17	109–23	109–10	109–13

COMMODITIES

(London)	March 29	Prev
Silver (spot fixing)	674.80p	651.75p
Copper (cash)	£1080.25	£1063.00
Coffee (March)	£2137.50	£2078.50
Oil (spot Arabian light)	$28.45	$28.45

LONDON

THE OVERNIGHT surge on Wall Street gave a boost to confidence in London equity markets yesterday. Leading equities took a distinct turn for the better at the outset and resulted in a gain of 6.6 in the FT Industrial Ordinary index to 881.8 by the close. The FTSE 100 advanced 10 points to 1,113.6.

Bowater featured again with a 20p rise to 328p ex-rights, while Grand Metropolitan, another index constituent, gained 14p to 334p owing to a technical position in traded options. ICI remained sensitive and closed 2p down at 612p.

Commercial Union advanced after hours to finish 17p higher at a new peak of 205p on suggestions of a dawn raid on the shares today. Other composite insurers gave a strong performance, with U.S. takeover hopes pushing Phoenix up 12p to 457p.

Oils were active, with Atlantic Resources making a good recovery of 50p to 510p, after 520p, while other Irish oils moved ahead in sympathy.

South African golds and related issues staged a strong rally with widespread gains of up to £2½.

Gilt-edged securities tended harder in quiet trading with underlying sentiment aided by the overnight improvement in U.S. bonds.

Chief price changes, Page 30; Details, Page 31; Share information service, Pages 32–33.

AUSTRALIA

IMPROVED metal prices, lower domestic interest rates and Wall Street's rally combined with strong overseas support to push Sydney higher. The All Ordinaries index closed 5.3 up at 745.1, although turnover was low ahead of next week's abolition of fixed brokerage rates.

BHP and its consortium partners in the Timor Sea exploration project continued to attract attention, with BHP rising 10 cents to A$13.90 ex-rights, while stores group Myer Emporium, which announced a strong first-half profits recovery after the previous session's close, ended 1 cent down at A$1.89.

Other losers for the day included Bridge Oil, 10 cents off at A$3.10 after the delay to the opening of its Guinea diamond mine caused by the death of President Sekou Touré.

SOUTH AFRICA

THE FIRMER trend in Johannesburg was attributed more to a bullion price recovery than to domestic budget proposals announced on Wednesday.

Buffels moved up R2.25 to R78.50 and Free State Geduld rose 50 cents to R 53.50.

Industrial leader Barlow Rand recouped most of the previous session's loss with a 30-cent gain to R14.40, while in international populars, De Beers improved by 25 cents to R10.25 and Anglo-American Gold scored an impressive R4.50 jump to R151.50.

AE & CI was unchanged at R8.65 as consumer-related Rembrandt and OK Bazaars were steady at R28 and R19.75.

EUROPE

A limited allure attained

JUST AS the European bourses had escaped too harsh a reaction to Wall Street's recent ills, so the overnight revival in the fortunes of U.S. stocks was interpreted yesterday as requiring no immediate bounce back to big-scale buying.

Trading levels picked up somewhat, but remained within the sluggish bounds of the past few weeks, while the generally firmer tone which resulted paid heed both to hopes of a continued upward correction in New York and to the knowledge that the course of world interest rates remained obscured.

An early influx of **Frankfurt** orders quickly dwindled, and by the time of its midsession calculation the Commerzbank index had slipped 2.8 to 1,020.6.

Squaring of positions ahead of the end of the quarter today was offered as an explanation of the dullness, as was disappointment at the muted response to a good run of corporate results. The weight of new paper overhanging the market – the latest from Porsche – was cited as a third reason for restraint.

Commerzbank itself, after turning in doubled profits and resuming dividend distribution, could find only 80 pfg more at DM 179.30.

The pending arrival of Porsche, in preference share form only, did not seem unduly to distress holders of the two quoted luxury car makers. Daimler Benz eased DM 1 to DM 557 and BMW picked up DM 1.70 to DM 413.20.

Among the day's best showings was a DM 3.50 jump in Thyssen at DM 84 as the steelmaker squared up to meet its shareholders.

Domestic bonds finished on the firm side, up to 30 basis points better, although with losses of 15 basis points here and there, and the Bundesbank was able to dispose of DM 89.8m in public paper.

Foreign demand was found wanting in **Amsterdam**, and the best of the session's gains were not sustained. Some interest from abroad was seen in Royal Dutch, allowing it a FL 1.40 advance to Fl 153.20 ahead of news from the U.S.

Profit projections from Philips meanwhile brought only a 30-cent firmer outcome at FL 48.60.

Bonds were quietly traded but up to 30 basis points stronger.

Stockholm – which will be closed today for yet more work on the exchange computer necessitated by the market's heightened international profile – had a buoyant but uneven finish to the week.

Vehicle issues were in demand, taking Saab-Scania up SKr 9 to SKr 396 and Volvo SKr 15 higher at SKr 492. But one of the weak points was Asea, down by that amount at SKr 380.

A firm but quiet **Paris** featured demand for constructions, where Ste Générale d'Enterprises put on FFr 4.70 to FFr 74 and Poliet FFr 10 to FFr 360. Club Med was favoured with a FFr 30 rise at FFr 825, while a profits and dividend boost from Alsthom-Atlantique took it FFr 3.90 higher to FFr 188.

Evenly spread **Zurich** progress allowed rises of SwFr 25 apiece for Hoffman-La Roche at SwFr 9,975, Swiss Re at SwFr 7,650 and Union Bank at SwFr 3,450. Bonds stagnated ahead of the result of a new federal issue.

Mixed **Brussels** dealings showed few sharp movements. Groupe Bruxelles Lambert came back BFr 25 to BFr 2,495 and Société Génerale de Banque firmed BFr 15 to BFr 3,315, both on results.

Worries over the Italian coalition's ability to secure some wage restraint continued to beset **Milan**, while additional disquiet came from the terms of a rights issue by IFI priced at L3,000. The holding company's shares slid L201 to L5,860 and Fiat, part of the group, fell L88 to L4,350.

Bonds were actively traded, and firmer.

The cautious **Madrid** advance continued, although with weakness among utilities.

HONG KONG

Volatility is painfully evident

THE VOLATILE nature of the Hong Kong market became painfully evident yesterday when swift investor reaction to Jardine Matheson's decision to reincorporate in Bermuda clipped 61.76 off the Hang Seng index, which closed at 1,057.09. This was still a better performance than some had expected. Turnover was particularly heavy, with late London selling halting any chance of recovery in the afternoon.

Jardine finished HK$1.30 weaker at HK$11.30, and Hongkong Land was marked 38 cents down at HK$3.37.

Hutchison Whampoa's payment of an unprecedented bonus dividend, rather than investing its profits in Hong Kong, was interpreted by some analysts as more significant than the Jardine move, and Hutchison dropped 90 cents to HK$17.90.

Persistent fears that Cheung Kong intends to diversify out of the colony were partly allayed by Li Ka-Shing, chairman of Cheung Kong (Holdings), as he announced his company's intention to use HK$700m in Hutchison dividend income for local reinvestment by the end of the year. Cheung Kong closed 60 cents down at HK$9.50.

Banks were hit hard. Hang Seng Bank dropped HK$2.25 to HK$42.50, Bank of East Asia fell HK$1.60 to HK$23.50, and Overseas Trust gave up 12 cents to HK$2.65.

Elsewhere, China Light lost 50 cents to HK$12.40 and Swire Pacific dipped 80 cents to HK$17.80. SHK Properties, at HK$7, was 55 cents weaker.

SINGAPORE

A TECHNICAL upturn in Singapore boosted the Straits Times index 6.34 to 986.46 on relatively small volume.

Boustead's S$4.2m takeover move for K.C. Dat, the country's largest removal group, was reflected in a 2-cent drop in its share price to S$2.67.

Industrials were generally better. Hong Leong Industries added 12 cents to S$3.66, while Cold Storage rose 8 cents to S$4.30.

Commodity and shipping issues were stronger, although banks continued weak with DBS a further 10 cents down at S$9.60. Malay Banking fell a similar amount to S$10.

TOKYO

Momentum is well maintained

SPURRED by the sharp overnight rise on Wall Street, stock prices surged in Tokyo yesterday, with the Nikkei-Dow index scoring an all-time high for the third consecutive day, *writes Shigeo Nishiwaki of Jiji Press.*

Buying interest gathered further momentum, centring on some commodity-sensitive issues such as cotton spinners, synthetic fibres and paper-pulps, and on asset-heavy stocks like properties and non-life insurances and securities houses. However, the rising tempo slackened towards the close as a cautious response to the overheated market emerged.

The Nikkei-Dow jumped 100.68 to 10,801.55. Trading was very heavy with 778.55m shares changing hands, although down from Wednesday's 931.15m. Advances outnumbered declines by 447 to 269, with 127 issues unchanged.

The recent rapid market rise aroused concern that the Tokyo Stock Exchange would take steps to cool the bullish sentiment. However, the exchange was reluctant to impose new measures as it raised the margin requirement ratio from 50 per cent or more to 60 or more only last weekend.

Kuraray, a synthetic fibre maker, jumped Y39 to Y424 on reports that the company plans to expand its pharmaceutical division.

Mitsubishi Rayon rose Y31 to Y455 on its development of resin for optical fibres, while Nitto Boseki, a cotton spinner, rose Y38 to Y458. These issues were favoured by investors for their efforts to reduce their heavy dependence on textiles and move into the high technology field.

Among asset-heavy stocks, Sanyo-Kokusaku Pulp advanced Y22 to Y298 and triggered buying interest in properties, warehouses and railways.

Financial stocks remained in the spotlight with Sumitomo Marine and Fire Insurance gaining Y6 to Y540 and Yasuda Fire and Marine Y5 to Y384. Substantial rises were also posted by city banks and major brokerage houses, including Nomura Securities, which moved Y20 to Y870.

Foreign investors played no leading role in the bullish market, and their attention continued to centre on non-life insurances, and properties like Mitsubishi Estate, up Y23 at Y542.

Bond prices firmed as U.S. interest rates stopped rising and the yen remained steady against the U.S. dollar. The yield on the 7.5 per cent government bonds, maturing in January 1993, edged down from Wednesday's 7.205 per cent to 7.165 per cent.

CANADA

A BROADLY higher Toronto saw the gold-related issues score the highest gains in active turnover. All main stock groups continued the advance of the previous session.

Banks were weak in Montreal, but rises for industrials and utilities were sustained. Papers edged higher.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
20½	10⅛	AAR	.44	2.2	21	24	20⅝	20⅛	20⅛	-¼
52⅞	30½	ACF	1.40	2.8	620	1331	49⅝	49⅜	49⅝	+⅛
22	15½	AMCA	n 1	6.1		14	16½	15⅞	16½	+⅞
18⅞	13⅛	AMF	.50	3.5		136	14⅜	14	14½	-⅛
41¼	25¼	AMR Cp			7	1256	34⅝	34⅜	34⅝	+¼
20⅛	17⅛	AMR	pf2.18	12.		5	19	18⅞	18⅞	
41½	29⅝	AMR	pf2.13	5.8		172	36⅝	36⅛	36⅜	+¼
26¼	23⅜	ANR	pf2.67	11.		5	24	23⅞	23⅞	-½
23⅞	18½	ANR	pf2.12	9.9		1	21½	21½	21½	-¼
16⅞	5⅛	APL			3	12	11¼	11¼	11¼	
55¼	42½	ARA	2.05	4.7	9	98	44	43¼	43¼	-¾
77¼	50¼	ASA	3a	4.6		285	65¼	64⅜	65½	
33¼	16⅛	AVX	s .32	1.5	22	930	22	21¼	21½	+¼
53⅛	38¼	AbtLab	1.20	3.0	14	1432	41¼	40¼	40¼	+½
30¼	23¼	AccoWd	.60	2.3	18	196	26½	25½	26⅜	+⅞
27½	17⅞	AcmeC	.40	1.9		23	20⅞	20⅝	20⅞	+⅛
13	8⅝	AcmeE	.32b	3.2	63	18	10⅛	9⅞	10⅛	+⅛
24⅞	12⅞	AdmDg	.04	.3	8	18	14⅜	14¼	14⅜	
18⅞	15⅜	AdaEx	2.11e	14.		85	15⅞	15½	15⅝	-⅛
19⅛	8⅞	AdmMl	.28	1.5	9	27	18⅜	18⅛	18¼	+¼
22	12¼	AdvSys			15	56	17¼	17½	17½	-¾
18⅝	8⅝	Advest	.12	1.2	9	56	10⅛	9⅝	10⅛	+⅛
37½	15½	AMD	s		36	954	29⅝	29	29¼	-½
24⅞	12½	Aeflex	s		14	14	14	13¾	13⅞	
43½	33¼	AetnLf	2.64	6.9	12	1477	38½	38	38⅛	-¼
59⅛	54⅝	AetL	pf5.28e	9.4		691	56½	55⅞	55⅞	-⅜
40½	20	Ahmns	1.20	5.1	6	1282	24	23¼	23½	+⅛

A-A-A

B-B-B

C-C-C

D-D-D

E-E-E

F-F-F

G-G-G

H-H-H

I-I-I

J-J-J

K-K-K

L-L-L

M-M-M

N-N-N

O-O-O

P-Q

Continued on Page 29

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 30

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 28

X—Y—Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
52⅛	39	Xerox	3	7.1	10	1629	42½	41¾	42	-¼
53¾	47⅛	Xerox	pf5.45	11		11	47½	47½	47½	
37	21½	YTRA		2.4	13	47	27½	26¾	26¾	-⅝
34	24	ZaleCp	1.26	4.8	10	28	26½	25⅝	26¼	+½
23¾	14½	Zapata	.84	3.7	12	979	23	22⅝	22¾	
52¼	31¼	Zayre	s.30	.8	11	39	37½	37	37	+¼
38⅝	15½	ZenithR			13	488	29½	29	29	-⅜
27⅞	19¼	Zero	s.36	1.7	19	7	21⅛	21⅛	21⅛	+⅛
37¾	22½	Zurnin	1.32	5.4	11	93	24⅝	24⅜	24½	-⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

CANADA

(Closing Prices) Stock	Mar 29	Yen.
AMCA Int	21⅛	+1⅛
Abitibi	25¾	–
Agnico Eagle	18½	+⅛
Alberta Energy	20⅝	+½
Alcan Alumin	44⅜	-⅛
Algoma Steel	25	+⅛
Bk Montreal	25	–
Bk Nova Scotia	11⅝	-⅛
Bell Canada	29⅝	+⅛
Bombardier A	17⅛	–
Bow Valley	24⅛	+⅛
B.P Canada Res	–	–
Brascan A	39	+⅝
Brinco	2.37	-0.08
B. C. Forest	12⅛	–
CIL Inc	28⅝	+1
Cadillac Fairv.	11½	+⅛
Campbell Red Lk	–	–
Can Cement Prf	14⅝	–
Can NW Energy	33⅝	+1⅜
Can Packers	27½	+⅝
Can Trustco	22⅛	+⅛
Can Imp Bank	28⅞	-⅛
Canadian Pacific	44⅛	+⅛
Can. P. Ent.	21⅜	–
Can Tire A	12	–
Carling O'Kfe	18⅞	+⅛
Chieftain	17¾	–
Cominco	54½	+1⅜
Cons Bathst A	28⅝	+⅛
Copper Lake	2.5	+0.05
Costain	10⅛	–
Denison Mines A	–	–
Dofasco	21	+⅛
Dome Mines	20⅛	-⅛
Dome Petroleum	4.05	+0.05
Dominion Strs.	20	–
Domtar	32⅞	+⅜
Falconbridge	70⅝	+1⅛
Genstar	24⅝	+⅜
Giant Y'knife	24½	–
Gt West Life	285	–
Gulf Canada	18⅞	-⅛
Hawk Sid Can	16	–
Hudson's Bay	22⅞	–
Husky Oil	11⅜	+⅛
Imasco	35½	+⅛
Imp Oil A	38⅝	+⅛
Inco	18⅜	+⅛
Indal	11⅛	–
Inter Pipe	27⅛	-⅛
LAC Minerals	37⅝	+⅜
Loblaw	–	–
Macmill Bloedel	31	–
Marks & Spencer	15⅛	+⅜
Massey-Ferg	4.5	–
McIntyre Mines	39	–
Mitel Corp	9⅝	-⅛

DENMARK

Mar. 29	Price Knr %	+ or –
Aarhus Olie	325	-26
Andelsbanken	228	-9
Baltic Skand	610	-6
CopHandelsbank	214	-4
D. Sukkerfab	605	......
Danske Bank	258	-8
East Asiatic	175	-4
Forenede Brygg.	880	......
Forenede Damp.	191	-3
GNT Hldg.	460	-20
I.S.S.B.	615	-5
Jyske Bank	465	+5
Novo Ind	2,335	......
Privatbanken	228	-10
Provinsbanken	282	-5
Smidth (F)	230	......
Sophus Berend.	1,135	-5
Superfos	460	-10

FRANCE

Mar. 29	Price Frs.	+ or –
Emprunt 4½% 1973	1,880	+12
Emprunt 7% 1973	9,630	+55
CNE 3%	3,490	......
Air Liquide	525	+7
BIC	420	-5
Bouygues	665	+7
BSN Gervais	2,425	+5
CIT-Alcatel	1,240	+20
Carrefour	1,608	-2
Club Mediter'n	825	+30
CFAO	642	+7
Cie Bancaire	474	+1
Cofimeg	221	+2
Creusot Loire	38.8	-1
Darty	867	-24
Dumez S.A.	700	+8
Eaux (Cie Gen)	524	-1
Elf-Aquitaine	227	+3
Gen. Occidentale	569	-1
Imetal	77.8	+0.1
Lafarge Coppee	336	+3
L'Oreal	2,289	+44
Legrand	1,860	+21
Maisons Phenix	278	-1
Matra S.A.	1,535	+5
Michelin B	854	+4
Midi (Cie)	1,408	+8
Moet-Hennessy	1,420	+19
Moulinex	93.8	+1.3
Nord Est	48.6	+0.1
Pernod Ricard	729	+9
Perrier	534	+6
Petroles Fra.	225.1	+1.6
Peugeot S.A.	225.2	+1.2
Poclain	54.9	+0.1
Printemps Au	140.3	+2.2
Radiotech	289	-1.2
Redoute	1,100	......
Roussel-Uclaf	811	+16

NETHERLANDS

Mar. 29	Price Fls	+ or –
ACF Holding	190	+2.5
AEGON	128.5	+0.5
Ahold	198.5	+3
AKZO	96.5xr	-0.5
ABN	393	+1
AMEV	154.5	+1.6
AMRO	75.6	+0.3
Bredero Cert	198	+2
Bos Kalis Westm.	39.5	-0.2
Buehrmann-Tet.	67.2	+0.2
Calland Hldgs	37	-0.5
Credit Lyon'is Bk	54.5	+0.4
Elsevier-NDU	583	-3
Gist. Brocades	138	+4
Heineken	142.8	+0.5
Hoogovens	47.9	-0.1
Hunter Douglas	28.5	+1.2
Int Mueller	35.5	+0.3
KLM	187.2	-0.8
Naarden	40.5	-0.2
Nat Ned Cert	218.5	+2
Ned. Credit Bank	40	......
Ned Mid Bank	161	+1
Nedlloyd	123.4	-1.6
Oce Grinten	245	+1
Ommeren (Van)	29.7	+0.1
Pakhoed	65	-0.8
Philips	48.6	+0.3
Rijn-Schelde	4.2	+0.4
Robeco	335	+1.5
Rodamco	133.2	+0.1
Rolinco	318	+0.5
Rorento	202.5	+0.1
Royal Dutch	153.2	+1.4
Unilever	254	+0.5
VMF Stork	96	+1.6
VNU	148.8	+0.6
West Utr Bank	95	-0.6

NORWAY

Mar. 29	Price Kroner	+ or –
Bergens Bank	157.5	......
Borregaard	325	+10
Christiania Bk	161	-1
Den Norsk C e dit	167	-2
Elkem	165	......
Norsk Data	285	+15
Norsk Hydro	583	+7
Storebrand	232	-10.5

SPAIN

AUSTRALIA

Mar. 29	Price Aust $	+ or –
ANZ Group	5.56	+0.06
Acrow Aust	1.8	......
Alliance Oil D.	0.79	+0.01
Ampol Pet	1.7	+0.02
Aust Cons Ind	1.75	......
Aust. Guarant	2.6	......
Aust. Nat. Inds	2.7	......
Aust. Paper	2.0	......
Bell Group	5.8	......
Bond Corp Hldgs	1.5	......
Boral	3.32	-0.01
B'ville Copper	2.72	+0.06
Brambles Inds	2.76	+0.01
Bridge Oil	3.1	-0.1
BHP	13.9xr	+0.1
CRA	5.96	+0.1
CSR	3.76	+0.01
Carlton Utd	4.15	+0.05
Castlemaine Tys.	4.25	......
Coles (G.J.)	3.65	-0.02
Comalco "A"	2.92	+0.02
Consolidated Pet	1.1	-0.04
Costain Aust	1.25	......
Dunlop Aust	1.69	+0.06
E.Z. Inds	5.32	+0.02
Elders IXL	4.05	......
Energy Res	1.6	+0.12
Gen Prop Trust	1.96	-0.02
Hardie (J.)	3.3	......
Hartogen Energy	3.12	+0.02
HeraldW'y Times	3.05	......
ICI Aust	2.05	-0.01
Jimb'lana(50cFP)	0.29	+0.01
Kia Ora Gold	0.17	-0.01
Lend Lease	4.7	......
MIM	3.4	+0.07
Mayne Nickless	2.5	+0.02
Meekatharra	0.85	......
Myer Emp	1.89	-0.01
Nat.Com.Bk	3.5	+0.02
News	10.5	......
Nicholas Kiwi	2.95	-0.05
North Bkn Hill	2.7	......
Oakbridge	0.87	......
Otter Expl	0.61	+0.01
Pancont'l	1.2	+0.02
Pioneer Conc	1.57	+0.03
Reckitt & Coln	2.66	+0.05
Repco	1.13	-0.02
Santos	7.34	+0.14
Smith (H.)	3.75	......
Southland Min'g	0.4	+0.02
Spargos Expl	0.38	......
Thos. Natwide	1.88	+0.04
Tooth	5.8	......
UMAL Cons	3.62	+0.02
Vamgas	3.35	+0.05
Western Mining	4.22	+0.06
Westpac	3.75	+0.07
Woodside Petrol	1.1	+0.07
Woolworths	2.3	+0.04
Wormald Intl	3.08	-0.02

HONG KONG

JAPAN (continued)

Mar. 29	Price Yen	+ or –
Konishiroku	660	+3
Kubota	330	+20
Kumagai	450	+10
Kyoto Ceramic	3,910	......
Maeda Const.	505	......
Makino Milling	1,530	-10
Makita	1,070	-30
Marubeni	280	-4
Marudai	640	+12
Marui	1,240	-30
MEI	1,890	+10
M'ta Elec Works	711	-10
M'bishi Bank	1,000	......
M'bishi Corp	589	+9
M'bishi Elec	434	+4
M'bishi Estate	542	+23
MHI	258	-2
Mitsui Co	357	+8
Mitsui Estate	724	+5
Mitsukoshi	356	+3
NGK Insulators	790	+10
Nihon Cement	220	+2
Nippon Denso	1,580	......
Nippon Elect	1,450	+10
Nippon Express	322	+4
Nippon Gakki	684	+3
Nippon Kokan	147	......
Nippon Oil	1,110	+30
Nippon Seiko	662	+11
Nippon Shimpan	940xr	-9
Nippon Steel	160	+2
Nippon Suisan	342	+17
NTV	10,600	......
Nippon Yusen	246	-6
Nissan Motor	673	-7
Nisshin Flour	435	-15
Nisshin Steel	216	+2
Nomura	870	+20
Olympus	945	+10
Omron Tateisi	2,380	+40
Orient Leasing	4,000	-80
Pioneer	2,880	-20
Renown	647	+1
Ricoh	1,100	+40
Sankyo	685	+8
Sanyo Elect	550	......
Sapporo	421	......
Sekisui Prefab	540	-8
Seven-Eleven	8,950	-240
Sharp	1,300	+10
Shimadzu	568	+11
Shionogi	624	+4
Shiseido	1,070	+10
Sony	3,840	+110
Stanley	750	-10
S'tomo Elect	987	-3
S'tomo Marine	540	+6
S'tomo Metal	164	+2
Taihei Dengyo	494	+3
Taisei Corp	217	......
Taisho Pharm	915	-25
Takeda	700	......
TDK	6,700	-160
Teijin	448	+33
Teikoku Oil	652	-3

GERMANY

SWEDEN

SINGAPORE

AUSTRIA

BELGIUM/LUXEMBOURG

SWITZERLAND

SOUTH AFRICA

ITALY

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

OVER-THE-COUNTER

Nasdaq national market, 3pm prices

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Automotive Prod	81	+ 8
BAT Inds	224	+ 7
Barclays	515	+12
Brent Chem	98	+ 6
Collins (Wm) A	480	+25
C'ntry & New T.	93	+ 8
Croda Int'l	123	+ 7
Debenhams	176	+ 6
Dee Corp.	498	+10
Eucal Pulp	343	+38
French Conn	315	+35
Grand Met	334	+14
Harris Q'way	394	+22
Readicut Int'l	43½	+ 5
Strong & Fish	198	+15
Walker (Alfred)	87	+ 8
Wiggins Group	61	+ 7
Atlantic Res	510	+50
Woodside Pet	71	+ 6
De Beers Defd	567	+14
Loraine Gold	393	+20
Pres Brand	£32⅝	+ 2⅜
RTZ	692	+14

FALLS

Ladbroke	242	–11
Lambert How	223	–10

Continued on Page 38

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 29

Indices

NEW YORK - DOW JONES

LONDON STOCK EXCHANGE

MARKET REPORT

U.S. influences help revive confidence in equities

Bowater good again—Golds rally

FINANCIAL TIMES STOCK INDICES

	March 29	March 28	March 27	March 26	March 23	March 22	year ago
Government Secs	83.25	83.19	83.21	83.19	83.12	83.00	80.82
Fixed Interest	86.72	87.05	86.94	86.82	86.89	86.81	82.74
Industrial Ord.	881.8	875.2	875.0	889.6	891.5	890.0	655.1
Gold Mines	651.9	628.8	644.2	663.1	656.0	676.9	559.7
Ord. Div. Yield	4.34	4.37	4.36	4.29	4.28	4.29	4.81
Earnings, Yld.% (full)	9.65	†9.72	9.61	9.45	9.48	9.50	10.13
P/E Ratio (net) (*)	12.48	12.39	12.57	12.78	12.75	12.69	11.94
Total bargains	26,362	29,146	28,885	30,411	26,955	28,177	25,286
Equity turnover £m.	--	317.58	288.76	344.53	406.89	379.81	204.91
Equity bargains	—	22,117	23,646	26,061	29,323	26,738	24,395
Shares traded (ml)	—	176.0	172.6	168.1	234.5	215.0	141.4

10 am 884.3. 11 am 879.0. Noon 879.8. 1 pm 881.2
2 pm 880.0. 3 pm 880.6

Basis 100 Govt. Secs. 8/1/58. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/58. SE Activity 1974.

Latest Index 01-246 8026.

*Nil = 11.82.

†Corrected.

HIGHS AND LOWS

	1983/84 High	1983/84 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.77 (9/1/84)	77.00 (24/1/83)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/3/84)	79.03 (1/7/83)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	901.4 (21/3/84)	598.4 (12/1/83)	901.4 (21/3/84)	49.4 (26/6/40)
Gold Mines	734.7 (16/2/83)	444.6 (1/11/83)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	March 28	March 27
—Daily		
Gilt Edged Bargains	152.7	174.7
Equities Bargains	143.3	153.2
Value	641.9	583.7
5-day Average		
Gilt Edged Bargains	163.5	165.3
Equities Bargains	165.7	169.5
Value	702.3	743.1

latter hardened a few pence to 148p. Among secondary issues, Harris Queensway provided one of the day's brighter features, advancing to 402p before settling a net 22 dearer at 394p, on the results, proposed 100 per cent scrip issue and the setting-up of a joint venture with Debenhams, which closed 6 up at a 1983-84 peak of 176p.

popular. MMT Computing added 15 afresh to 200p and Memory Computer put on 10 to 305p. The leaders plotted an irregular course in moderate trading. A dull market of late after the disappointing results, BICC rallied 6 to 258p, while Racal moved up 4 to 216p.

With the exception of TI, which relinquished 4 to 266p,

Renewed strength in Grand Metropolitan largely reflected technical positions in traded options; the close was a net 14 up at 334p, after 336p. In sharp contrast, Ladbroke fell 11 to 242p, after 239p, in the wake of cautious comment on the annual results.

Bowater feature

Bowater continued to dominate proceedings among the miscellaneous industrial leaders, trading in new form ex-the £41m rights issue, the shares atracted another sizeable turnover and closed 20 higher at 328p, after 333p, with the new nil-paid opening at 106p premium and closing at 117p premium; the Board's plan to demerge its U.S. interests still the major stimulant. Reed International jumped 30 to 452p in sympathy. Elsewhere, Metal Box revived with a gain of 13 to 345p, after 352p, and Glaxo put on 7 to 842p. Secondary issues featured Associated British Ports which advanced 14 to 298p on buying ahead of next Thursday's preliminary results. Second thoughts about annual figures helped British Aerospace rally 11 to 238p, while Bridon reflected the annual profits upsurge at 96p, up 2. Magnolia moved up 4 to 64p in response to favourable trading news, while details of the proposed

Other Irish oils moved up in sympathy, Bryson adding 5 at 255p, Aran Energy 3 at 67p and Eglinton 2 at 92p.

News of a sizeable North Sea oil flow boosted Tricentrol which hardened 2 to 212p while a significant oil discovery off the coast of West Africa prompted further demand for recently firm LASMO, 3 up at 288p. Other leading oils closed below the day's best levels. BP settled 3 to the good at 473p after 478p while Shell were little changed at 633p, after 640p. Charterhouse rose 3 more to 145p on further consideration of the preliminary results.

Bertam held at 230p following the proposed reconstruction whereby the agricultural portion of its Malaysian estates, together with those of Lendu and Beradin, will be acquired by unlisted local concern Ladang Sermin; the last-mentioned will seek a listing in Kuala Lumpur later this year.

Golds rally

The major sectors of mining markets staged a sustained rally after losing ground for the previous six trading days.

South African Golds and related issues opened sharply higher, reflecting a positive response by overnight New York markets to the South African budget. Golds, Platinums and diamonds were all

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
BAT Inds	23	217	+ 6
Bowater	23	330	+26
Babcock Intl.	22	181	− 6
Cable Wireless	20	366	−19
AB Electronic	19	495	+10
ICI	17	614	− 6
Prudential	16	466	+16
BP	14	470	− 2
Pearl Assurance	14	772	+27
GEC	13	188	− 2
Grand Met.	13	320	− 4
Lex Service	13	435	+ 7
Beecham	12	315	—
Shell Trans.	12	635	+ 5

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
A. B. Electronic†	120pm	—
Assoc. Brit. Ports	298	+14
Bowater†	114pm	—
Comm. Union	205	+17
Cornells Estate New	143	—
Grand Metropolitan	334	+14
Harris Queensway	394	+22
ICI	612	− 2
Lucas Inds.	220	− 1
Metal Box	345	+13
Reed Intl.	452	+30
RTZ	682	+14

† Nil-paid.

RECENT ISSUES

based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. C Canadian. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ■ Allotment letters (or fully-paid). ‖‖ Introduction. ✱ Unlisted Securities Market. § Placing price. †† Official London Listing. * Offered as units, comprising one ord and one N/V A ord. † Offered as units, comprising one Red. Pfd. share of 1p and 55p of 12 per cent Conv. Ln. stk. 1986-90. ‡ No par value.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Mar 19	Mar 30	June 28	July 9
Apr 2	Apr 13	July 12	July 23
Apr 16	Apr 27	July 26	Aug 6

For rate indications see end of Share Information Service

Call options were arranged in Amalgamated Estates, Carr Boyd, Country and New Town, Asia Oils and Minerals, Acorn Computers, Wellman, Boddingtons Breweries, Exco International, Sound Diffusion, Dunlop, Biomechanics International, BL, W. Canning, Bryant, Gestetner A, Raybeck, Regentcrest, Brunswick Oil, Leyland Paint, First Pacific, Barratt Developments, Imps, Britannic Assurance, Combined Technologies, Commercial Union, Legal and General, United Guarantee, Tozer Kemsley and Millbourn, Phoenix Assurance, Refuge Assurance, Minster Assets, BTR, Equity and Law Life, UKO, Churchill, Renishaw, Hutchison Whampoa, Bowater new nil paid and Sterling Guarantee Trust. Once again, no puts or doubles were reported.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	49	7	48
Corpns. Dom. and Foreign Bonds	15	0	63
Industrials	309	271	833
Financial and Props.	149	61	314
Oils	29	20	72
Plantations	5	6	9
Mines	88	14	70
Others	88	46	83
Totals	732	425	1,492

FT - SE 100 INDEX

Close .... 1113.6 (+10.0)
Day's high .... 1116.5 (9.42 am)
Day's low .... 1109.3 (11.16 am)
(Base value=1000 December 30 1983)

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FIXED INTEREST

EUROPEAN OPTIONS EXCHANGE

LONDON TRADED OPTIONS

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for February 1984: 344.0

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. AND LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

مكتبة الأصل

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australians

Tins

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 163(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- §§ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ◆ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- || No par value.

B.Fr. Belgian Francs. Fr French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings.

REGIONAL AND IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	76	......
Craig & Rose £1	900	......
Finlay Pkg. 5p	46	......
Higsons Brew	110	−3
Holt (Jos) 25p	870	......
IoM Stm. £1	150	......
IRISH		
Exch. 12% 1985	£98⅞	−¼
Nat. 9¾% 84/89	£88	......
Fin. 13% 97/02	£92½	......
Alliance Gas	78	......
Arnott	235	+5
CPI Hldgs	82	......
Carroll Inds.	118	......
Hall (R. & H.)	64	......
Heiton Hldgs.	21	......
Irish Ropes	53	......
Jacob (W & R.)	65	......
TMG	50	......
Unidare	70	......

OPTIONS

3-month call rates

Industrials	
Allied-Lyons	15
BOC Grp	27
BSR	26
Babcock	17
Barclays Bank	45
Beecham	32
Blue Circle	40
Boots	16
Bowaters	25
Brit Aerospace	20
BAT	15
Brown (J.)	3
Burton Ord	22
Cadburys	11
Comm Union	16p
Courtaulds	11
Debenhams	14
Distillers	22
Dunlop	5
FNFC	6¼
Gen Accident	42
Gen Electric	16
Glaxo	70
Grand Met	30
GUS 'A'	55
Guardian	50
GKN	20
Hanson Tst	17p
Hawker Sidd	38
Hse of Fraser	26
ICI	42
'Imps'	12
ICL	7½
Ladbroke	23
Legal & Gen	45
Lex Service	40
Lloyds Bank	50
'Lots'	3
Lucas Inds	18
'Mams'	14
Marks & Spcr	20
Midland Bk	36
NEI	10
Nat West Bk	60
P & O Dfd	25
Plessey	20
Racal Elect	18
RHM	8
Rank Org Ord	24
Reed Intnl	40
Sears	8
TI	22
Tesco	16
Thorn EMI	55
Trust Houses	18
Turner Newall	10
Unilever	75
Vickers	14
Woolworth Hldg	50
Property	
Brit Land	11
Cap Counties	16
Land Secs	25
MEPC	25
Peachey	17
Samuel Props	12
Sterling Guar.	4
Oils	
Brist. Oil & Min.	9
Brit Petroleum	35
Burmah Oil	17
Charterhall	9
Premier	6
Shell	55
Tricentrol	20
Ultramar	60
Mines	
Charter Cons	24
Cons Gold	58
Lonrho	12
Rio T Zinc	60

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 39

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

Insurances—continued

Albany Life Assurances Co Ltd
3 Darkes Lane, Potters Bar. 0707 142311

Pension Funds				
EqPenFdAcc	680.4	716.2	+2.3	—
EuroFdAcc	101.1	106.4	....	—
FxdPenAcc	439.0	462.0	+0.6	—
GtMnPnAc	256.6	270.1	+0.1	—
Intl Mn Fd	266.7	280.7	+1.4	—
JapPnFdAc	156.7	164.9	+1.2	—
AmPnFdAc	116.9	123.0	+1.0	—
Property	239.6	251.2	....	—
MpInPnAc	553.7	582.8	+1.7	—

Colonial Mutual Group
24 Ludgate Hill EC4P 4BD. 01-248 9861
Capital Life Assurance

Pcmkr Inv Fd	—	130.1	....	—
Equity Fd	115.61	121.69	....	—
Fxd Int Fd	109.34	115.09	....	—
Propty Fd	103.49	108.94	....	—
Cash Fd	101.91	107.27	....	—
Managd Fd	118.91	125.17	....	—
Col Mut Life (Pension Annuities)				
ManCpA/B	106.13	111.72	....	—
Man A/B	106.77	112.40	....	—

Commercial Union Group
St Helens, 1 Undershaft, EC3. 01-283 7500

VarAnnAccUts	—	171.28	....	—
VarAnnMar30	—	36.82	....	—
Prime Series—Life				
Managed	140.2	147.6	+0.5	—
UK Equity	147.3	155.1	+0.4	—
Int Equity	131.3	138.3	+1.3	—
Property	105.5	110.6	....	—
Fixed Int	115.1	121.2	+0.2	—
Indx Lkd Gt	89.7	94.5	....	—
Cash	101.0	106.4	....	—
Prime Series—Pensions				
Managed	107.4	113.1	+0.5	—
UK Equity	109.6	115.4	+0.3	—
Int Equity	104.1	109.6	+1.0	—
Property	96.9	102.1	+0.1	—
Indx Lkd Gt	93.1	98.1	....	—
Fixed Int	98.3	103.5	+0.2	—
Cash	96.8	102.0	....	—

Continental Life Assurance PLC
64 High St Croydon CR0 9XN 01-680 5225

Equity Acc	193.4	203.6	....	—
Propty Acc	168.5	177.4	....	—
Int Acc	151.5	159.5	....	—
ManagdAcc	177.2	186.6	....	—
Spec Sits	135.9	153.1	....	—
PenIntAcc	147.0	151.8	....	—
PenPrpAcc	188.9	198.9	....	—
Pens Equity	227.9	239.9	....	—
Pen My Acc	175.6	184.9	....	—

Gilt Deposit, Index Fund prices available on request.

Crown Life
Crown Life House, Woking GU12 1XW. 046862-5033

PenMnyAcc	129.6	136.4	....	—
Pen Mny Int	117.5	123.6	....	—

PE Coronet	192.2	202.3	....	—
BrwngEqFd	282.1	296.9	....	—
Strat Inv Fd	149.8	157.6	....	—
Heritage Fd	149.8	157.6	....	—
Sage Fd	123.5	130.0	....	—
DBSManagd	139.0	146.3	....	—

Friends' Provident Life Office
Pixham End, Dorking. (0306) 885055

Life Funds				
Cash Acc*	99.5	104.8	....	—
UK Eq Acc	121.7	128.2	+0.4	—
Fixed Int	105.0	110.6	+0.2	—
IndxLkdAcc	91.5	96.4	....	—
Mixed Acc	110.7	116.6	+0.5	—
O'seasEqFd	107.5	113.2	+1.2	—
Propty Acc	100.1	105.4	....	—
Pension Funds				
Cash Acc	102.4	107.8	....	—
Cash Cap	99.2	104.5	....	—
UK Eq ACap	114.4	120.5	+0.3	—
UK Eq Acc	117.9	124.2	+0.3	—
Fxd Int Cap	104.6	110.2	+0.2	—
Fxd Int Acc	107.9	113.6	+0.6	—
IndxLkdCap	88.7	93.4	....	—
IndxLkdAcc	91.5	96.4	....	—
Mixed Cap	107.4	113.1	+0.4	—
Mixed Acc	110.8	116.7	+0.5	—
O'seasFdCp	110.3	116.2	+1.3	—
O'seas Acc	113.8	119.8	+1.3	—
PropertyCap	95.2	100.3	....	—
PropertyAcc	98.3	103.5	....	—

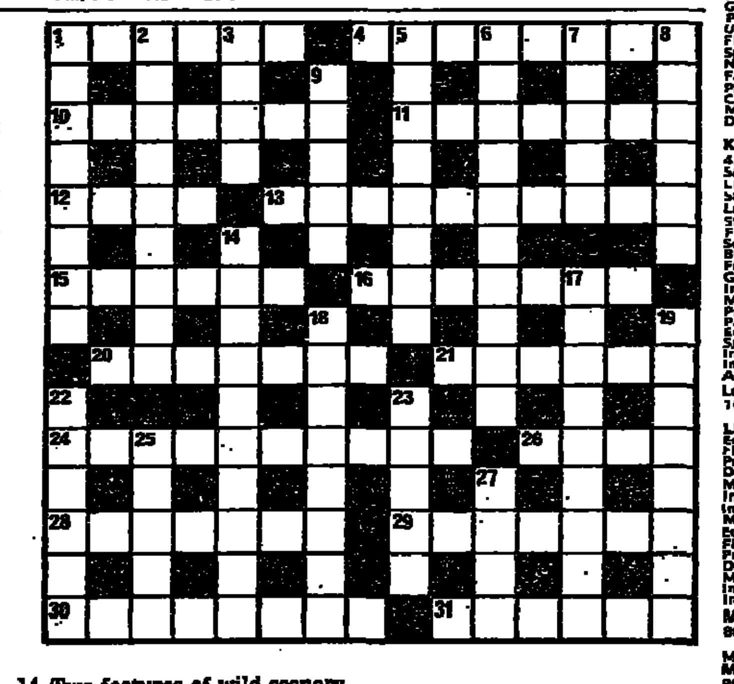
General Portfolio Life Ins Co Ltd
Crossbrook St, Cheshunt, Herts. Waltham Cross 31971

Money Market Trust Funds

Money Market Bank Accounts

Offshore & Overseas—continued

F.T. CROSSWORD PUZZLE No. 5,380



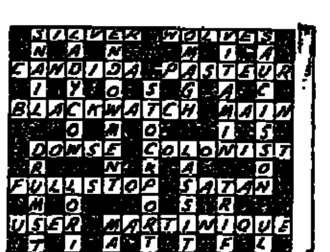
ACROSS

1 Strike for which the catering staff is responsible (6)
4 A thoughtful speculator (8)
10 Agreed everything was bound to come out (7)
11 Erudite man or youngster in form (7)
12 Not the sole order dogs learn to obey (4)
13 Abuses awkward seed-boxes (10)
15 *In a permanent position, but* also returns in debt (6)
16 It's to be found in the estate agent's brochure (7)
20 One impression produced by journalists (7)
21 Free to think again (6)
24 I've acted on new indication of a deal (6, 4)
26 Corporation band (4)
28 Wine forced on republicans (7)
29 and 6 down: Famous classical works (7, 2, 8)
30 As seen in the constellation Pisces? (8)
31 A problem for the bridge-builder to emphasise (6)

DOWN

1 Makes a mess of a Schubert variation (8)
2 Wrong poet? Don't believe it! (9)
3 Live up to a wicked description (4)
5 This year is affected by emotional instability (8)
6 See 29 across
7 Piece of land is on lease (5)
8 This is dropped on a plant for a bird (6)
9 Does nothing to correct the slide (5)
14 Two features of wild scenery portrayed in "Wuthering Heights" (10)
17 Blue Viennese flower (3, 6)
18 Legislation that went against the grain (4, 4)
19 Same ship, different 31 across (8)
22 Mother hits out on August 1st (6)
23 Yet wine may be so described (5)
25 The leading spirit in Russia (5)
27 Come up against an objection (4)

Solution to Puzzle No. 5,379



INSURANCE & OVERSEAS MANAGED FUNDS

Vanbrugh Life Assurance
41-43 Maddox St., Ldn. W1R 9LA 01-499 4923

Managed Fd.	304.7	320.8	+1.4	—
Equity Fd.	559.4	588.9	+2.8	—
Intnl. Fd.	224.8	236.7	+2.1	—
Fixed Int. Fd.	273.3	287.7	+0.5	—
Prop. Fd.	215.7	227.1	.....	—
Cash Fd.	180.9	190.5	.....	—

Vanbrugh Pension Limited
41-43, Maddox St., Ldn., W1R 9LA 01-499 4923

Managed	260.8	274.6	+1.2	—
Equity	540.4	958.4	+2.0	—
Global Equity	103.9	109.4	+1.0	—
Fixed Interest	229.1	241.2	−0.2	—
Property	196.2	206.6	.....	—
Index Linked Gilt	104.9	110.5	.....	—
Guaranteed	8.56	—	.....	—
International Money	123.1	129.6	−0.2	—

Windsor Life Assur. Co. Ltd.
Royal Albert Hse., Sheet St., Windsor 68144

Investor Units	264.9	273.6	.....	—
Accum. Pen. Units	290.3	305.6	.....	—
Flex. Inv. Growth	170.0	179.0	.....	—

Continued on adjacent Page Mon-Fri and Stock Exchange dealings Page Sat.

OFFSHORE AND OVERSEAS

Adig Investment
Postfach 708, 8000 Munich 1, Telex 524269

Adirenta	DM22.43	23.10	.....	—
Adiverba	DM77.18	81.04	+0.11	—
Fondak	DM37.56	39.44	−0.10	—

1 Thomas St., Douglas, I.o.M. 0624 4856

Merc IoM Fund	58.9	62.7	+0.3	7.4
Merc Intl. Bond Fd.	39.0	41.5	.....	7.1

Wardley Investment Services Ltd.
4th Floor, Hutchison House, Hong Kong

Wardley Trust	$5.76	6.31	.....	1.19
Wardley Nikko As. Fd.	$28.37	30.39	.....	4.94
Wardley Bond Trust	$10.84	11.40	.....	8.16
Wardley Japan Trust	$33.82	35.74	.....	0.39
Wardley Priv Cap Tst	$10.25	10.81	.....	0.74

WestAvon Secs (Guernsey) Ltd
Borough Hse, St Peter Port, Guernsey. 0481 27963

Gilt & Option Fd	£1.18	1.23	.....	2.50
US $ Option	$0.84	0.89	.....	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$12.90	+0.07	—

Inv. Adv.. M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	22.2	23.1	−1.7	—
Chinese Fund	62.2	64.8	.....	—
Precious Metal Fund	141.5	147.1	−4.1	—
Vanguard Cmdy. Fd.	33.6	34.6	−0.2	—
Financial Futures Fd.	65.6	68.3	.....	—
Wren Intl. Fnd.*	$0.703	0.732	.....	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. ♯ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

COMMODITIES AND AGRICULTURE

Eggs will cost 3-6p more from next week

By John Edwards

EGG PRICES are to rise next week according to Goldenlay, the leading UK egg marketing consortium. Retail prices for number one to four grades are expected to increase by between 3p to 6p a dozen.

The differences in the forecast price rises reflect the fact that *discounts and special offers* by shops in the seasonably quiet month of March are likely to be phased out.

Demand for eggs tends to build up prior to the Easter holiday, while production this year is estimated to be running at some 40,000 cases (of 30 *dozen eggs each*) a week *below* last year at 575,000 cases against 615,000 cases in the same period of 1983.

● **PRICES FELL** for the third day running on the London potato futures market yesterday, with the April position closing at £194.90 per tonne, down from £201.80 on Wednesday and £208.30 on Tuesday.

● **ARGENTINE** beef production in 1983 totalled 2.44m tonnes, down 5 per cent from *the previous year.*

● **A COMMITTEE** set up to review Ghana's cocoa producer price held its first meeting in Accra yesterday and discussed ways of *establishing* a mechanism for determining the price.

● **SHOPPERS** would buy more British pork and bacon if pig farmers would produce consistent quality pigmeat in sufficient quality quantities to woo the major supermarkets, according to Mr Douglas Cargill, deputy chairman of Food From Britain.

● **SURINAM'S** two bauxite companies, Billiton and Suralco, *are to merge some of their* activities to save costs. Billiton will take a 45 per cent interest in Suralco's aluminium refiners

Copper surges to 8-month high

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES surged to the highest levels for over eight months on the London Metal Exchange yesterday, in spite of the depressing influence of a rise in the value of sterling against the dollar.

Three months higher grade copper touched £1,100 before closing at £1,098.25 a tonne, £18.5 up on the previous day.

The upward trend was encouraged by firmer prices on the New York (Comex) market overnight reflecting more optimism about the growth in U.S. industrial activity and a slowdown in U.S. interest rates that also helped push gold up.

Lead values climbed to the highest levels for two years continuing the recent rise in the market that has added nearly £65 during the past month alone.

Three months *lead gained* £6.87 to £345.12 a tonne following news that new talks had failed to break the deadlock between companies and unions that has lead to a suspension of operations at the Broken Hill mining complex in Australia.

There is continuing apprehension that the important Missouri lead mines will be hit by strikes when existing *labour contracts expire tomorrow.*

U.S. producers Asarco announced after the London market had closed that it is raising its domestic selling price for lead by 1 cent to 26 cents a pound.

The Broken Hill stoppage, and rise in copper, failed to stimulate the zinc market much, with traders worried whether the present high price levels can be *sustained*, especially as many producers are apparently reluctant to follow Noranda's recent move to lift its European producer quotation $40 to *$1,090 a tonne.*

Three months zinc on the LME closed only £1.75 up at £712.5 a tonne, while the cash price was £3 lower at £733.5.

World wheat estimate up

BY JOHN EDWARDS

THE INTERNATIONAL Wheat Council, in its latest market report out yesterday, again raised its estimate of 1983 world production to 492m tonnes—2m tonnes above its estimate in *February and 9m more than the* previous record outturn of 483m tonnes in 1982. Reviewing the outlook for this year's production, the report says that prospects for the 1984 world wheat crop appear generally promising.

It notes that there was an increase in winter wheat plantings in all the major producers in the northern hemisphere, including the U.S., Soviet Union and the European Community.

The council has already *predicted that the world wheat* output could reach 500m tonnes this year, unless there are some major crop setbacks because of unfavourable weather *conditions.*

The report leaves its estimate for world coarse grain output last year at 686m tonnes, compared with 788m in 1982, but predicts that production this year will recover strongly.

In a special review of the world rice situation, the report notes that average prices on the world market declined last year to the lowest level for 20 years, in real terms.

Sufficient NZ butter to meet demand

By Richard Mooney

NEW ZEALAND butter is not likely to disappear from British supermarket shelves as a result of the EEC farm policy stalemate, the New Zealand Dairy Board said yesterday.

The continued failure of Common Market farm ministers *to agree on a comprehensive agricultural reform package* has raised doubts on whether temporary arrangements allowing access for New Zealand butter will be rolled forward

But the New Zealand Dairy Board's London office said it *did not expect imports to be blocked.*

In Wellington, Mr Warren Cooper, the New Zealand Foreign Minister, said he was "confident" New Zealand butter would maintain its access to the EEC.

In any case, said an NZ Dairy Board official, stocks already in Britain were sufficient to meet normal demand for "some months."

"At the very worst we *might face another monthly roll-over on the import quota,"* he said. In the absence of agreement on the common farm price package *for the past two months ministers have agreed to allow New* Zealand access for one twelfth of the 83,000 tonnes annual quota proposed by the *EEC Commission.*

In allowing this level of monthly imports, the ministers have shown tacit approval of the proposed annual quota,

With total imports already more than halved from the amount Britain was importing before joining the EEC, New Zealand had already taken more than its fair share of the reduction in the butter market, he added.

No easy answers on questions of quotas

Farmer's viewpoint: By John Cherrington

MY EARLIEST experience of a quota in farming was when starting up a new dairy in 1932. My boss found a buyer for his milk but had to sell it on a two-tier basis—so much for the proportion which was to be sold for doorstep delivery, with the remainder at a much lower price in line with its realisation *value for manufacturing* into butter and cheese.

Every autumn there was a prolonged argument between farmers and the *buyers* both on price and on the gallonage to be guaranteed the higher price.

My employer could have handled *the surplus himself*, had he found a local outlet. Other contracts varied, with some stipulating that the buyer should take all the milk and average the return.

In 1933, the Milk Board was established and took over all milk at the farm gate and pooled the returns so that each farmer received the same average price subject to regional variations and latterly, differing *quality standards.*

In effect, for the past 50 years, the board has removed all the stress of marketing from its suppliers. Every farmer knows that *all he has to do is get the* cows milked. The result will be picked up and sold and he will get his monthly cheque.

Because of the pooling system no individual farmer bears the full consequences of his over production because it is shared with those who *keep* their production steady or even reduce it. The superlevy proposed by the European commission aims to make the expansionist *feel the consequences* of his activities.

Quotas are nothing new in British *farming.* Until EEC entry, the Hops Marketing Board maintained a quota system matched to the market both for home sales and export. When the grower had harvested his quota the balance was left on the vine.

Quotas were saleable between growers as they were tied to the farm. It must have worked well because one never met a poor hop grower.

In 1932, legislation established a national quota of millable wheat. This was applied to the whole crop and not the individual farm. The price guaranteed was about £10.25 per ton and the market price was made to this level by a deficiency payment although it was not called that. It was, in fact, the forerunner of the deficiency payments system. If production exceeded the quota limit, the price was reduced *accordingly.*

The quality standard enforced on the millable wheat meant that any which did not meet it had *to be sold* on the open market for between £6 and £7 per ton, as excellent stimulus towards the production of quality grain.

The EEC has always had a quota for sugar beet administered by the factories. This is supposed to make the farmer pay the cost of exceeding his quota. It seems, though, to be a most inexact agent for controlling the cost of the crop, which for 1983 amounted to £950m, largely for export subsidies.

Abroad, the best-known farm quota has been operating in Canada's dairy sector. The quotas are saleable and if a farmer wishes to expand his cutput and sell it he has to buy someone else's quota. They are quite a valuable asset and should the saleable quota come *in Britain* there are many farmers who would hope to benefit from them.

In 1970 I was visiting a wheat grower in Western Australia who had just received the advice that his wheat sales quota was going to be cut by 30 per cent for the next harvest.

I asked him what he would do if he had a good crop, leading to a surplus over quota. He said he could either sell to the wheat board at a realisation price, or find some livestock feeder who would take it off his hands at a slightly better price than the board — a move of questionable legality.

In Canada, at about the same time, I found that the wheat board was so restricting deliveries that *farmers* were suffering severely from cash shortage. They were not paid until they had put their wheat in a wheat board store.

There was a thriving but illegal market in grain at about half the fixed price for animal feed, and many *farmers* were said to be using wheat as currency for paying their bills and sending their children to college.

The object of all the schemes I have mentioned has been to restrict production to a level *which will make for* a viable price to the farmer. A simpler way was the old U.S. set-aside, by which farmers were paid for taking land out of wheat and certain other crops. It was much cheaper than the payment-in-kind programmes of last year and much simpler to operate. It was suggested for the EEC when Sicco Mansholt proposed taking 5m hectares out of production. He was roundly abused for his plans and they got nowhere. But *he* was right. It is the only way.

Hopes of Indian jute strike settlement

BY P. C. MAHANTI IN CALCUTTA

INDIAN jute good exports are unlikely to exceed 250,000 tonnes in 1983/84, down from 333,000 tonnes in the previous year and *440,000 tonnes* in 1981/82.

There will probably be a correspondingly sharp fall in export earnings, despite a better value realisation. This year's shortfall is blamed largely on the 10-week-old strike by jute workers.

However, there are now signs that the strike, which has shut at least 55 mills, could be settled at the *weekend, according* to Mr K. K. Bajoria, chairman of the Indian Jute Mills Association (IJMA).

He said talks between IJMA and the unions are at an advanced stage and that agreement on major points has been reached.

The strikers have been insisting that reasonable workload norms should be *fixed* as an *essential* pre-condition to a settlement.

Without the norms being prescribed, a mere productivity-linked wage formula would amount to increasing the existing workload, which the workers say is already too heavy.

Nicaragua seeks cotton pickers

AN EMERGENCY appeal has been made by the Nicaraguan Government for 6,000 voluntary cotton pickers to bring in an estimated 800,000 quintales of cotton in danger of being lost due to the early rains, writes Tim Coone.

This represents approximately 12-15 per cent of the country's important cotton crop.

PRICE CHANGES

In tonnes unless stated otherwise	Mar. 29 1984	+ or —	Month ago
Metals			
Aluminium	£1100		£1100
Free Mkt	[illegible]		[illegible]

	Mar. 29 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1155v		$1120
Groundnut	[illegible]		[illegible]

(Remaining Price Changes entries [illegible])

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES continued to move ahead on the London Metal Exchange. Copper closed a fraction below £1,100 boosted by strong gains in gold and silver, while the strike at Broken Hill in Australia continued to [illegible]

SILVER

Silver was fixed 23.05p an ounce higher for spot delivery in the London bullion market yesterday at 674.8p. U.S. equivalents of the fixing levels were: spot $9.805, up 38.5c; three-month $10.034, up 38.4c; six-month [illegible]

COPPER

[illegible]

TIN

[illegible]

LEAD

[illegible]

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
3 months	347.5-8	+9	345-.25	+6.87
Settlem't	344.5	+8.5	—	......

ZINC

Zinc—Morning: Three months £718, 17, 16, 15, 14, 14.50. Kerb: Three months £714. Afternoon: Three months £714, 13, 12, 11, 12. Kerb: Three months £711, 12, 13. Turnover: 9,600 tonnes. U.S. Prime Western: 53-53.75 *cents a pound.*

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	735-6	—5	733-4	—5
3months	714-.5	+3.5	712-3	+1.75
Settlem't	736	—5	—	......

ALUMINUM

Aluminium—Morning: Cash £981.50, three months £1,004, 03, 02, 01, 1,000. Kerb: Three months £1,000, 01, 02, 01. Afternoon: Three months £1,001, 1,000, 999, 98, 99, 98.50, 98, 99.50, 1,000. Kerb: Three months £1,000, 999, 1,000, 01, 01.50, 02, 03, 04. Turnover: 19,300 tonnes.

Aluminim	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	918.5-2	+9.25	980-1	+5
3 months	1000-.5	+8	1000-1	+5.25

NICKEL

Nickel — Morning: Three months £3,520, 22, 23, 25, 22.20. Kerb: Three months £3,520, 15. Afternoon: Cash £3,450, 49, 48, three months £3,510, 12, 25, 24, 23, 25. *Kerb: Three months* £3,525, 23, 20. Turnover: 1,182 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3438-40	+26	3447-8	+55
3 months	3520-1	+28	3520-5	+31.5

COCOA

[illegible]

COFFEE

[illegible]

Sales: 4,433 (2,511) lots of 5 tonnes. ICO Indicator prices (U.S. cents per pound) fob March 28: Comp. daily 1979 143.61 (143.60); 15-day average 142.58 (142.61).

GRAINS

Old crop wheat eased 40p on lack of interest but met light shipper buying on improved physical *interest. Barley* slowly improved 30p in quiet trading. New crops eased on hedge selling, reports Muirpace.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterd's close	+ or —
May	125.95	—	122.10	+0.50
July	128.15	—0.10	—	—
Sept.	109.50	—0.15	106.50	—0.15
Nov	112.15	—0.20	109.15	—0.20
Jan	115.20	—0.10	112.25	—0.10

Business done—Wheat: May 126.00-5.55, July 128.15-7.90, Sept 109.65 only, *Nov 112.35-2.15, Jan 115.30-5.15. Sales:* 69 lots of 100 tonnes. Barley: May 122.10-1.80, Sept 106.55-6.50, Nov 109.20 only, Jan 112.20 only. Sales: 49 lots of 100 tonnes.

HGCA—Locational ex-farm spot *prices. Feed barley:* S. East 122.20, N. West 119.80. The UK monetary coefficient for the week beginning Monday April 2 is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. dark northern spring No 1 14 per cent May 135.25, June 135, July 133 transhipment east coast. English feed fob prompt 126.75 paid Kings Lynn. Maize: French April 147, May 148, June 149 sellers east coast. Rest unquoted.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. May 577.5, 579.0, 577.0-576.5; July 587.0, 590.0, 590.0; Oct 574.8, 575.0, 575.0-574.5; Dec 583.0, 585.0, 583.0; Mar 592.0, 595.0, u/t; May 601.0, 609.5, u/t; July 616.0, 624.5, u/t; Oct 610.0, 620.0, u/t. Sales: 49.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Mar 408, 417, nil; May 426, 428, 428; Aug 445, 450, 450-49; Oct 452, 454, 451-450; Dec 453, 455, 453; Jan 454, 456, [illegible]

PIGMEAT

[illegible]

POTATOES

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

The market opened unchanged to 50p higher in thin trade, reports T. G. Roddick. *The afternoon saw reasonable trade at unchanged levels.*

Sales: 67 (64) lots of 100 tonnes.

	Yestday's close	+ or —	Business Done
	£ per tonne		
April	159.90-60.00	+0.26	—
June	157.90-58.20	+0.50	158.10-58.00
August	159.00-60.00	+0.25	159.70-59.00
October	159.90-60.60	+0.05	160.50
Dec	161.00-65.00	+0.25	—

ROTTERDAM SOYABEANS—(U.S. $ per tonne): U.S. two yellow Gulfports April 1-20 317, April 316, May 315.50, June 316, July 317, Aug 315.50, Sept 306.50, Oct 287, Nov 287, Dec 289.80, Jan 293.90, Feb 297.80 sellers.

SUGAR

LONDON DAILY PRICE—Raw sugar £118.00 ($168.50), *up £1.00, a tonne* fob March-April-May delivery. White sugar $184.00, up $6.00.

Prices traded within a $2.00 range in dull and featureless conditions and last trades were close to the day's lows, reports C. Czarnikow.

No. 4 Contract	Yestday's close	Previous close	Business done
	£ per tonne		
May	120.00-24.00	120.00-25.00	124.00-25.00

No. 6 Contract $ per tonne

[illegible]

Sales: No. 4 26 (265); No. 6 2,033 (3,168) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £222.00 (£219.25) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for March 28: Daily price 6.48 (6.45); 15-day average 6.47 (6.45).

COTTON

[illegible]

MEAT/FISH

[illegible]

Pears—per pound, Comice 0.18-0.25, Conference 0.10-0.20. Potatoes—Whites 5.80-6.00, Edwards 6.00-6.40, Bakers 7.50-9.00; New, Isle of Wight, per pound 0.80. Mushrooms—per pound, open 0.50-0.70, closed 0.75-0.85. Lettuces—per tray, round, 1.30-1.60. Onions—per 55 lb 7.20-8.20. Cabbages—per 28 lb Jan King 3.20-3.50. Beetroots—28 lb, round, £2.40-2.50. Turnips—28 lb 2.00-2.50. Swedes—28 lb 1.20-1.50. Sprouts—per pound 0.15-0.18. Carrots—28 lb 1.80-3.20. Greens—30 lb Kent 4.00-4.50; 40 lb Cornish 6.00-6.50. Parsnips—28 lb 3.60-4.00. Leeks—per pound 0.16-0.18. Tomatoes—per pound 0.40-0.45. Cucumbers—tray 2.40-3.20. Cauliflowers—Kent, dozen 3.50-4.50; Cornish, dozen 4.80-5.50. Spring onions—bunch 0.15-0.16.

Imported Produce: Ortaniques—Jamaican: 4.60-5.40. Uglifruit—Jamaican: 6.00-11.00. Minneolas — U.S.: approx. 14 kg 8.00-8.50. Temples—Jaffa: 5.20. Karas—Spania: 4.50-5.00. Manderas—Cypriot: 5.20-5.50. Oranges—Spania: 4.20-4.80; Moroccan: Moroc Lates 3.60-4.50; Jaffa: Shamoutis 20 kg 60 6.20, 75 4.40, 88 4.70, 105 4.20, 123 4.10, 144 4.40, 168 5.00, Hader 60 3.90, 75 3.75; Cypriot: Ovals, approx. 15 kg 3.80-4.20, Valencia Lates 3.50-4.00. Lemons — Italian: carton 4.00-4.50; Cypriot: 10-kg boxes 2.50-3.60; Spania: 5 kg 1.50-1.60; Jaffa: 15 kg 4.50-5.25, 6 kg 3.00-3.20. Grapefruit—Jaffa: 20 kg 36 5.80, 40 5.90, 48 5.50, 56 5.30, 64 4.90, 75 4.80; U.S.: Ruby 9.00-10.00; Cypriot: 32 3.80-4.00, 40 3.60-3.80, 48 3.50-3.60, 56 3.20-3.40, 64 2.80-3.00. Pomelos—Jaffa: 5.20-6.85. Kumquats—Moroccan: 1.00-1.10; Brazilian: 1.10-1.20.

CABs cash boost

A CASH boost of £1m is being given to the National Association of Citizens Advice Bureaux *over the next two years*, Mr Alex Fletcher, Trade and Industry Junior Minister, said in a Commons written reply.

LONDON OIL

SPOT PRICES

[illegible]

CRUDE OIL FUTURES

[illegible]

GAS OIL FUTURES

[illegible]

GOLD MARKETS

Gold rose $3½ to $389¼-390 on the London bullion market. It opened at $390½-391, and was fixed at $390.35 in the morning, and $390.25 in the afternoon. The metal touched a high point of $390¾-391¼, and a low of $389¾-$390, at the close.

In Paris the 12½ kilo gold bar was fixed at FFr 99,900 per kilo ($391.58 per ounce) in the afternoon, compared with FFr 99,800 ($391.78) in the morning, and FFr 99,700 ($387.30) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,340 per kilo ($390.81 per ounce), against DM 32,300 ($386.01), and the metal closed at $390½-391, compared with $386-386½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $390.25 per ounce, against $386.20.

In Zurich gold finished at $390½-391, compared with $385¾-$386½.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
April	389.60-90.50	+3.90	391.00-89.50
June	397.50-97.60	+4.40	398.00-97.00
Aug	404.00-05.00	+4.60	405.00-04.50
Oct	411.00-12.00	+4.45	—
Dec	418.50-19.00	+4.40	—
Feb.	426.00-27.00	+4.75	—

Turnover: 416 (687) lots of 100 troy ounces.

	Mar. 29		Mar. 28	
Gold Bullion (fine ounce)				
Close	$389¼-390	(£269-269½)	$386-386½	(£267¼-267¾)
Opening	$390½-391	(£268½-269)	$386¼-386¾	(£267-267½)
Morning fixing	$390.35	(£268.466)	$385.75	(£266.907)
Afternoon fixing	$390.25	(£268.767)	$385.75	(£266.623)

Gold and Platinum Coins Mar. 29

Krugrnd	$400¾-401¼	(£276¾-277¼)	King Sov	$93½-95	(£64½-65½)
½ Krug.	$206½-207¼	(£142½-143¼)	Victoria Sov	$93½-95	(£64½-65½)
¼ Krug.	$105½-106¼	(£72¾-73¼)	French 20s	$77¾-79¾	(£53¾-55)
1/10 Krug.	$43-43¾	(£29¾-30¼)	50 Pesos Mex	$483-486	(£333½-335)
Mapleleaf	$400¼-401	(£276½-277)	100 Cor-Aust	$382-386	(£263¾-266½)
New Sov.	$91½-92¼	(£63¼-63¾)	$20 Eagles	$636-646	(£438½-445½)
½ New Sov.	$54¾-55	(£37¾-38)	Noble (Plat.)	$406½-411½	(£280½-283½)

EUROPEAN MARKETS

ROTTERDAM, March 29.

Wheat—(U.S. $ per tonne): U.S. two soft red winter April 167.50, May 167.50, June 15/July 15 151.75. U.S. two northern spring 14 per cent protein April/May 10 182.50, May 182, June 182, July 179.50, Aug 176.50, Sept 175.50, Oct 177.50, Nov 178.75. U.S. three hard amber durum April/May 191, June 191, July 190, Aug 186, Sept 184, Oct 196, Nov 188. Canadian one western amber Durum April/May 202.50, June 207, Nov 201.

Maize—(U.S. $ per tonne): U.S. three yellow *Mar 165, April 165, May* 164, June 163.25, July/Sept 161, Oct/Dec 139 sellers. Argentine Plate Mar 168, April 167, May 157, June 166 sellers.

PARIS, March 29.

Sugar—(FFr per tonne): May 1440-1450, Aug 1540-1545, Oct 1640-1645, Dec 1740-1755, March 1895-1905, May 1960-1980.

AMERICAN MARKETS

NEW YORK, March 28

Heating oil prices advanced sharply on a larger than expected drawdown of industry distillate stocks, reports Heinold Commodities. The reported sinking of a tanker in the Gulf by Iraq brought out a warning from the insurance underwriters adding further [illegible] tenders. Cocoa prices were firm on reports that Ivory Coast is continuing to suffer from low quality problems. Coffee finished higher on continued speculative buying and a steady tone in the cash market. Cotton prices were higher in response to a tight cash market which triggered active buying [illegible]

(American Markets tables — Silver, Sugar World "11", Cocoa, Coffee "C", Copper, Cotton, Crude Oil (Light), Gold, Heating Oil, Orange Juice, Platinum, Chicago Live Cattle, Live Hogs, Maize, Pork Bellies, Soyabeans, Soyabean Meal, Soyabean Oil, Wheat — [illegible])

INDICES

[illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar recovers from weak start

The dollar finished close to its best level of the day in currency markets yesterday but still showed losses from Wednesday's closing levels in London. The market had been waiting for the release of U.S. trade figures for February. These showed a record deficit of $10.09bn but this was within some of the worst expectations and market sentiment was turned to some extent by a larger than expected rise in U.S. leading economic indicators.

Consequently there was little incentive to sell dollars and in the absence of any real pressure, the dollar rose to its best level of the day. U.S. M1 money supply figures were due for release after the close of business in London and were expected to show a small decline. This was not seen as exerting much influence on the dollar however.

The dollar closed at DM 2.5920 against the Deutsche Mark, up from a day's low of DM 2.5665 but down from Wednesday's close of DM 2.5975. Against the Swiss franc it finished at SwFr 2.1490 from SwFr 2.1590 and Y224.2 from Y225.1. It was also lower against the French franc at FFr 7.9875 from FFr 7.9925. On Bank of England figures, the dollar's trade weighted index fell to 126.0 from 126.8.

STERLING — Trading range against the dollar in 1983-84 is 1.6245 to 1.3955. February average 1.4409. Trade weighted index 80.4 against 80.3 at noon and 80.4 in the morning and compared with 80.5 on Wednesday and 84.3 six months ago.

The pound was slightly easier on the day, losing ground against most European currencies but improving slightly against the dollar. It closed against the latter at $1.4470-1.4480, a rise of just 5 points. It fell against the Deutsche Mark to DM 3.7550 from DM 3.76 and SwFr 3.1125 from SwFr 3.1250. It was also lower against the French franc at FFr 11.56 from FFr 11.5650 and Y324.75 compared with Y326.0.

D-MARK — Trading range against the dollar in 1983-84 is 2.8425 to 2.3320. February average 2.7060. Trade-weighted index 128.1 against 126.2 six months ago.

The D-mark had a firmer tone at the Frankfurt fixing. The Bundesbank did not intervene when the dollar fell to DM 2.5750 from DM 2.6035, having sold $6.1m at Wednesday's fixing. Trading was nervous ahead of the U.S. trade figures, which were expected to show a deficit of around $9bn, against the published figure of $10.09bn, but the market was generally thin, with price fluctuations held within a narrow range. Sterling fell to DM 3.7380 from DM 3.7590; the Swiss franc to DM 1.2018 from DM 1.2050; and the Japanese yen to DM 1.1530 per 100 yen from DM 1.1570. Within the EMS the French franc declined to DM 32.46 per 100 francs from DM 32.48; while the Belgian franc was unchanged at DM 4.8870 per 100 francs, and the Dutch guilder rose to DM 88.60 per 100 guilders from DM 88.595.

JAPANESE YEN — Trading range against the dollar in 1983-84 is 246.90 to 223.25. February average 233.58. Trade-weighted index 159.6 against 151.5 six months ago.

The yen improved against the dollar at the Tokyo fixing. The U.S. currency fell to Y224 from Y224.60, but rose from the opening level of Y223.50, and a low of Y223.30. Trading was nervous ahead of the U.S. trade figures, on speculation that the February deficit may have been as high as $12bn. Some sections of the market did not expect such bad figures however, and were probably looking for a deficit around the published figure of $10.09bn. The market is expected to be quiet today, on the last day of the Japanese financial year. The D-mark was firm yesterday, rising to Y87.11 from Y86.53 and the general level of currency trading was fairly active.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.5978	+1.55	+1.56	±1.5447
Danish Krone	8.14104	8.18367	+0.52	+0.52	±1.6425
German D-Mark	2.24184	2.22739	−0.64	−0.64	±1.0642
French Franc	6.87456	6.86581	−0.13	−0.13	±1.4052
Dutch Guilder	2.52595	2.51386	−0.48	−0.48	±1.4964
Irish Punt	0.72569	0.728027	+0.32	+0.32	±1.6699
Italian Lira	1403.49	1396.71	−0.48	−0.48	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York (Latest)

	March 29	Prev. close
Spot	$1.4515-4525	$1.4510-4520
1 month	0.20-0.23 dis	0.21-0.23 dis
3 months	0.60-0.64 dis	0.62-0.64 dis
12 months	[illegible]	[illegible]

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

March 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4455-1.4585	1.4470-1.4480	[illegible]	[illegible]	[illegible]	[illegible]
Canada	1.8475-1.8600	1.8510-1.8520	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible]. Six-month forward dollar [illegible]. 12-month [illegible].

THE DOLLAR SPOT AND FORWARD

March 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4455-1.4585	1.4470-1.4480	[illegible]	[illegible]	[illegible]	[illegible]
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc [illegible].

OTHER CURRENCIES

Mar. 29	£	$		Note Rates
Argentina Peso	[illegible]	[illegible]	Austria	[illegible]
Australia Dollar	[illegible]	[illegible]	Belgium	[illegible]
Brazil Cruzeiro	[illegible]	[illegible]	Denmark	[illegible]
Finland Markka	[illegible]	[illegible]	France	[illegible]
Greek Drachma	[illegible]	[illegible]	Germany	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	Italy	[illegible]
Iran Rial	[illegible]	[illegible]	Japan	[illegible]
Kuwait Dinar (KD)	[illegible]	[illegible]	Netherlands	[illegible]
Luxembourg Fr.	[illegible]	[illegible]	Norway	[illegible]
Malaysia Dollar	[illegible]	[illegible]	Portugal	[illegible]
New Zealand Dlr.	[illegible]	[illegible]	Spain	[illegible]
Saudi Arab. Riyal	[illegible]	[illegible]	Sweden	[illegible]
Singapore Dollar	[illegible]	[illegible]	Switzerland	[illegible]
Sth African Rand	[illegible]	[illegible]	United States	[illegible]
U.A.E. Dirham	[illegible]	[illegible]	Yugoslavia	[illegible]

*Selling rates.

CURRENCY MOVEMENTS

Mar. 29	Bank of England Index	Morgan Guaranty Changes%
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish kroner	[illegible]	[illegible]
Deutsche mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

March 29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	[illegible]	[illegible]	[illegible]
U.S. $	[illegible]	[illegible]	[illegible]
Canadian $	[illegible]	[illegible]	[illegible]
Austria Sch.	[illegible]	[illegible]	[illegible]
Belgian Fr.	[illegible]	[illegible]	[illegible]
Danish Kr.	[illegible]	[illegible]	[illegible]
D'mark	[illegible]	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]
French Fr.	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]
Norwgn Kr.	[illegible]	[illegible]	[illegible]
Spanish Pta.	[illegible]	[illegible]	[illegible]
Swedish Kr.	[illegible]	[illegible]	[illegible]
Swiss Fr.	[illegible]	[illegible]	[illegible]
Greek Dr'ch	[illegible]	[illegible]	[illegible]

*CS/SDR rate for March 28: [illegible].

EXCHANGE CROSS RATES

Mar. 29	Pound St'rling	U.S. Dollar	Deutsche m'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.448	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Dollar	[illegible]	1.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschemark	[illegible]	[illegible]	1.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japanese Yen 1,000	[illegible]	[illegible]	[illegible]	1000.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc 10	[illegible]	[illegible]	[illegible]	[illegible]	10.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.	[illegible]	[illegible]	[illegible]
Italian Lira 1,000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1000.	[illegible]	[illegible]
Canadian Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.	[illegible]
Belgian Franc 100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Mar. 29	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 day's notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Asian $ (closing rates in Singapore): Short-term 9⅝-9¾ per cent; seven days 10⅛-10⅜ per cent; one month 10⅜-10½ per cent; [illegible] six months 10¹³⁄₁₆-10¹⁵⁄₁₆ per cent; one year 11⅟₁₆-11³⁄₁₆ per cent. Long-term Eurodollars two years 12-12¼ per cent; three years 12[illegible] 12⅝ per cent; five years 12⅞-13 per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; two days' notice.

MONEY MARKETS

Bank forecasts shortage of over £1bn

The Bank of England forecast a shortage of over £1bn in the London money market yesterday, and gave assistance also in excess of £1bn. Consequently overnight interbank money was held to a high of 9¾ per cent before finishing at 8⅞ per cent. Three-month interbank money was quoted at 8⅞-9 per cent, unchanged from Wednesday. Three-month eligible bank bills were bid at 8¹¹⁄₁₆ per cent, also unchanged from Wednesday.

The Bank forecast a shortage of around £850m initially with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £230m and the unwinding of previous sale and repurchase agreements a further £391m. Exchequer transactions drained £200m.

UK clearing banks' base lending rate 8½-8¾ per cent (since aMrch 15 and 16)

The Bank moved to meet the size of the shortage by inviting an early round of assistance. This totalled £99m and comprised purchases of £1m of Treasury bills in band 1 (up to 14 days) at 8⅞ per cent and £47m of eligible bank bills in band 2 (15-33 days) at 8¾ per cent. In band 3 (34-63 days) it bought £3m of eligible bank bills at 8⅞ per cent and in band 4 (64-91 days) £6m of Treasury bills, £5m of local authority bills and £37m of eligible bank bills all at 8¾ per cent.

The forecast was later revised to a shortage of around £950m before taking into account the morning's operations and the Bank gave additional help in the morning of £766m. This comprised purchases of £2m of eligible bank bills in band 1 at 8⅞ per cent and £26m of eligible bank bills in band 2 at 8¾ per cent. In band 3 it bought £7m of eligible bank bills at 8⅞ per cent and in band 4 £55m at 8¾ per cent. It also arranged sale and repurchase agreements on £676m of bills at 8⅞-8¾ per cent, £263m unwinding on April 2 and £413m on April 3.

The shortage was again revised to around £1,050m and the Bank gave further help in the afternoon of £86m, comprising purchases of £10m of eligible bank bills in band 1 and £4m of local authority bills in band 1 at 8⅞ per cent and in band 2 £16m at 8¾ per cent. In band 3 it bought £[illegible] of eligible bank bills and £4m of local authority bills at 8⅞-8¾ per cent and £[illegible] of eligible bank bills at 8⅞ per cent. The Bank also provided late assistance of £110m.

MONEY RATES

Mar. 29	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.55	11¼	1½-2½	5¾-5⅞	6.59375	[illegible]	[illegible]	[illegible]
One month	5.75-5.90	12⅜-12½	3⅟₁₆-3³⁄₁₆	6-6⅛	6.40625	[illegible]	[illegible]	[illegible]
Two months	5.75-5.90	12⅞-12⅝	—	—	—	[illegible]	[illegible]	[illegible]
Three months	5.80-5.90	12⅝-12¹¹⁄₁₆	3⅟₁₆-3¹¹⁄₁₆	6⅟₁₆-6³⁄₁₆	6.28125	[illegible]	[illegible]	[illegible]
Six months	5.85-6.00	12¹¹⁄₁₆-12¹³⁄₁₆	—	6⅛-6¼	—	[illegible]	[illegible]	[illegible]
Lombard	5.5	—	—	—	—	[illegible]	[illegible]	[illegible]
Intervention	—	12	—	5⅞	—	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Mar. 29 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days or	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 day notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Four years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Five years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period February 8 to March 6 1984 (inclusive): [illegible] per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): [illegible] per cent from March 1 1984. London and Scottish Clearing Bank Rates for lending [illegible] per cent. London Deposit Rate for sums at seven days' notice [illegible] per cent. Treasury Bills: Average tender rates of discount [illegible] per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month [illegible] per cent; one-three months [illegible] per cent; three-six months [illegible] per cent; six-nine months [illegible] per cent; nine-12 months [illegible] per cent. Under £100,000 [illegible] per cent from March 22. Deposits held under Series 4-5 [illegible] per cent. The rate for all deposits withdrawn for cash 7 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	[illegible]
Broker loan rate	[illegible]
Fed funds	[illegible]
Fed funds at intervention	[illegible]

Treasury Bills

One month	[illegible]
Two month	[illegible]
Three month	[illegible]
Six month	[illegible]
One year	[illegible]

Treasury Bonds

Two year	[illegible]
Three year	[illegible]
Four year	[illegible]
Five year	[illegible]
Seven year	[illegible]
10 year	[illegible]
30 year	[illegible]

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING
11.00 a.m. March 29)

3 months U.S. dollars	
bid 10 1/2	offer 10 5/8

6 months U.S. dollars	
bid 10 15/16	offer 10 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Eurodollars firm

Attention remained concentrated on three-month Eurodeposits on the London International Financial Futures Exchange yesterday. Other interest rate contracts were rather neglected, but all managed to open on a bullish note, and finished firmer on the day. A sharp fall in the Federal funds overnight rate in New York on Wednesday, and a successful conclusion to the U.S. Treasury seven-year note auction helped sentiment. Traders also mentioned optimism about agreement in Congress to a package of measures allowing a reduction in the U.S. Budget deficit, and of hopes of a breakthrough in negotiations about the Argentine debt crisis.

June Eurodollar opened at 89.16, and soon touched a peak of 89.20, ahead of publication of the U.S. February trade figures.

A very large deficit was expected, but earlier in the week dealers had spoken of a figure in the region of about $8.5bn, and rather less than the January shortfall of $9.5bn. Later estimates ranged up to $11bn, and therefore the market was not totally surprised by the record February deficit of $10.09bn, but still disappointed. With the Federal funds rate rising to 10 per cent from Wednesday's very low level of 8 per cent futures prices tended to decline, and the June contract touched a low of 89.09, before finishing at 89.13, compared with 89.06 previously.

Sterling interest rate contracts were in the doldrums, but reacted to the same factors as the Eurodollar contract. June gilts opened at 109-21, fairly near the day's high of 109-23, and after falling to 109-10, closed at 109-17 compared with 109-13 on Wednesday. Three-month sterling for June delivery opened at 91.16, and ranged between 91.12 and 91.18 before closing at 91.15, against the previous settlement of 91.13.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	89.13	89.20	89.09	89.06
Sept	88.71	88.80	88.69	88.66
Dec	88.37	88.46	88.35	88.33
March	88.10	88.10	88.09	88.05
June	87.81	—	—	87.76

Volume 5,348 (3,117).
Previous day's open int. 14,402 (14,202)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
June	91.15	91.18	91.12	91.13
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

Volume [illegible]
Previous day's open int. [illegible]

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
June	109-17	109-23	109-10	109-13
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

Volume [illegible]
Previous day's open int. [illegible]
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) [illegible]

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

Volume [illegible]
Previous day's open int. [illegible]

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

Volume [illegible]
Previous day's open int. [illegible]

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

Volume [illegible]
Previous day's open int. [illegible]

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

Volume [illegible]
Previous day's open int. [illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	66-23	67-01	66-21	66-24
Sept	66-06	66-15	66-03	66-06
Dec	65-22	65-29	65-20	65-22
March	65-09	65-14	65-05	65-07
June	64-27	65-02	64-24	64-26
Sept	64-16	64-20	64-14	64-14
Dec	64-06	64-09	64-06	64-04
March	—	—	—	63-27

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	90.05
Sept	[illegible]	[illegible]	[illegible]	89.71
Dec	[illegible]	[illegible]	[illegible]	89.41
March	[illegible]	[illegible]	[illegible]	89.19
June	[illegible]	[illegible]	[illegible]	88.98
Sept	[illegible]	[illegible]	[illegible]	88.80
Dec	[illegible]	[illegible]	[illegible]	88.63

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	89.66
Sept	[illegible]	[illegible]	[illegible]	89.22
Dec	[illegible]	[illegible]	[illegible]	88.78
March	[illegible]	[illegible]	[illegible]	—

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

STERLING (IMM) Se per £

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

COMPANY NOTICES

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, March 28, 1984. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept. E.M.E.A. London. Eurodollar Libor as of March 28 at 11.00 am: 3 months: [illegible] 6 months: [illegible]

ECU=U.S.$0.857216 SDR=U.S.$1.0627. Sibor as of March 28 at 11.00 am: 3 months: [illegible] 6 months: [illegible]

COUNTRY	CURRENCY	VALUE OF DOLLAR
[illegible]	[illegible]	[illegible]

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (a) Freemarket central bank. (o) Official rate. (b) Freemarket interbank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential rates. (h) Non essential imports. (i) Floating tourist rate. [illegible]

For further information please contact your local branch of the Bank of America.

INTERNATIONAL CAPITAL MARKETS

EUROBONDS

Secondary market prices rise

BY MARY ANN SIEGHART IN LONDON

A SMALL glimmer of hope was evident in the Eurodollar bond market yesterday as secondary market prices rose by ¼ to ⅜ point and new issues were well received.

Oesterreichische Postsparkasse, the Austrian post office savings bank, launched a $75m, five-year bond through Orion Royal Bank. The issue, which is guaranteed by the Republic of Austria, pays a 12¼ per cent coupon at a price of 99⅞ and is thought to involve a swap. It traded steadily at a discount of about 1⅞ per cent.

Eurofima's $100m deal, launched late on Wednesday night, had its first day's trading yesterday. Demand seemed to be strong and the issue traded within its 1¼-point selling concession.

Soon after launching a SwFr 30m convertible private placement in Switzerland, Nippon Sheet Glass has issued a $25m, 10-year convertible through Daiwa Europe and Nomura International. It will have a coupon of around 3½ per cent at par, but terms will be fixed on April 4.

After a sharp upswing in the New York market on Wednesday night, the dollar secondary market opened strongly yesterday. Trading was mainly professional, with dealers covering their short positions, and prices moved up across the board. However, there was still some nervousness pending the money supply figures from the U.S. and the results of the Treasury auction.

Ireland is raising £50m through a 10-year Eurosterling bond led by S.G. Warburg. It has a coupon of 11⅝ per cent at par. The market gave it a cool reception, mainly because of its long maturity. It traded just inside its 2¼ per cent total fees, but outside the 1½ per cent selling concession.

Tsumura Juntendo, the Japanese pharmaceutical company, is due to issue a DM 100m bond today with warrants to buy the company's shares. It is likely to be a five-year issue with a coupon of around 3½ per cent. Each bond will have two warrants – one with a three-year and the other with a five-year life. DG Bank will be lead manager.

In Switzerland, Yoshitomi Pharmaceutical has launched a SwFr 100m, 5½ year private placement through Credit Suisse. The issue carries equity warrants and will have a coupon of around 3⅝ per cent. Final terms will be set on April 6.

The D-Mark secondary market also reacted well to the improvement in the New York market. Prices rose by ⅛-½ point. In Switzerland, prices edged up slightly, helped by the weaker dollar.

● The West German Bundesbank set a tender yesterday for a 30-day securities repurchase plan to add liquidity to the domestic money market at a minimum 5.5 per cent.

The central bank said that bids were due by 9am GMT today and the result would be made known later in the day.

Banks will be credited with the funds on April 2 and must buy back the securities pledged on May 2.

WEEKLY U.S. BOND YIELDS (%)

	March 28	March 21	1984 High	1984 Low
Composite Corp. AA	13.06	13.13	13.13	12.19
Government:				
Long-term	12.37	12.37	12.37	11.51
Intermediate	12.21	12.19	12.21	11.33
Short-term	11.50	11.48	11.50	10.70
Municipal	n.a.	9.97	9.91	9.48
Industrials AAA	12.59	12.74	12.74	11.79
Industrials AA	12.69	13.01	12.69	12.02
Utilities AA	13.21	13.25	13.25	12.33
Preferred Stocks	11.52	11.40	11.52	11.07

Source: Standard & Poor's

BHF Bank bond average

March 29		Previous
99.684		99.536
High	1983-84	Low
102.017		97.599

OVER-THE-COUNTER

Nasdaq national market, 3pm prices

Continued from Page 30

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

S–S

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

T–T

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

U–U

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

V–V

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

W–W

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

X–Y–Z

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for March 29.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alaska Housing 11¾ 94	100	[illegible]	[illegible]	[illegible]	[illegible]	12.56
Australia Comm 11¼ 90	100	99¼	99¾	+0⅛	+0⅜	11.33
Australia Comm 11½ 95	300	93¼	93¾	+0⅛	0	12.57
Australia Comm 11⅝ 98	100	93	93½	0	−0⅜	12.64
Australian Ind Dev 11 89	75	95⅞	95⅞	0	+0¼	12.23
Bank of Tokyo 11⅞ 90	100	96⅝	97⅛	+0¼	+0¾	12.56
Beneficial O/S Fin 12 91	100	94⅛	94⅝	+0¾	+0⅜	13.25
Britoil Fin 11⅞ 90	125	96	96½	+0⅛	+0½	12.71
Canada 10⅞ 88	500	97⅛	97⅝	+0¼	+0⅜	11.66
C.C.C.E. 12⅝ 95	75	97½	98	+0½	+1¾	12.98
Citicorp O/S 10⅝ 90	100	90¾	91¼	+0⅜	+0¾	12.59
D.N.C. 11¾ 91 WW	50	94½	95	−0⅜	−0½	12.93
D.N.C. 11¾ 91 XW	50	93½	94⅛	+0⅛	+0⅛	13.08
Denmark Kingdom 12 91	100	95⅝	96⅛	−0⅛	+0⅛	12.93
Denmark Kingdom 12¼ 93	100	97¾	98¼	+0⅛	+0¾	12.59
Dutch Mines 11⅝ 91	150	93⅝	94⅛	0	+0½	12.75
E.D.C. 11⅛ 89	150	95½	96	+0⅛	+0⅜	12.32
E.E.C. 12 93	50	97⅝	98⅛	+0⅛	+0¼	12.36
E.I.B. 11½ 90	200	94⅝	95⅛	+0¼	+0¼	12.62
Export finans 11½ 90	100	93⅞	94⅜	+0⅜	+0¾	12.83
Gen Elec Credit 11 91 WW	200	94	94½	+0⅜	+0⅝	12.27
GMAC O/S Fin 11⅜ 90	100	96¼	96¾	+0⅜	+0⅝	12.15
I.I.I. 12 89	100	96⅞	97⅜	+0⅛	+0¼	12.81
Illinois Power 12½ 92	100†	96⅛	96⅝	+0½	+0⅝	13.26
Indust Bk Japan 11½ 89	125	96¼	96¾	+0⅜	+0⅜	12.48
Indust Bk Japan 11⅞ 91	100	95⅞	96⅜	+0½	+1¼	12.66
Int Paper O/S Fin 12 91	75	97¾	98¼	+0¼	+0⅜	12.44
ITT Finance 11½ 89 WW	125	98⅝	99⅛	0	+0⅜	11.75
J.C. Penney 11⅞ 90	100	95⅞	96⅜	+0¼	0	12.74
J.P. Morgan 11⅞ 90 WW	150	95½	96	0	+0⅜	12.24
L.T.C.B. 12½ 90	85	98⅜	98⅞	+0⅜	+0⅜	12.54
Macy O/S 11¾ 91	100	95⅞	96⅜	+0⅜	+0¼	12.61
Mitsui Trust Fin 12 91	100	96	96½	+0⅛	+1¼	12.83
Ned Gasunie 11¼ 91	75	93⅝	94⅛	+0⅞	+0⅞	12.59
Nippon Credit 11⅞ 90	100	96⅛	96⅝	+0¼	+0⅞	12.68
Nippon Tele 11⅝ 90	100	97⅛	97⅝	+0⅛	+0¾	12.61
Norwest O/S 12⅛ 91	50†	95⅝	96⅛	+0⅛	+1	13.05
Nova Scotia Pro 11¾ 91	100	96	96½	+0⅛	+0½	12.58
Ontario Hydro 11⅝ 94	200	94⅛	94⅝	+0½	+1	12.64
Pacific Gas & Elec 12 91	75	97	97½	+0⅜	−0⅜	12.59
P.K. Banken 12 90 WW	75	95½	96	+0¼	+0⅛	12.95
Prudential 10⅛ 93 XW	150	85⅛	85⅝	0	−0⅜	12.61
Quebec Hydro 11½ 92	100†	96¾	97¼	+0⅛	+0½	12.05
Quebec Province 12¼ 94	150	99	99½	+0⅛	+0¾	12.37
Royal Bk of Can 11½ 89	100	97⅛	97⅝	+0⅛	+1	12.23
Rural & Ind Bk 12 91	50	96⅜	96⅞	+0⅛	+0⅜	12.75
Sears O/S Fin 11⅛ 89	50†	94⅛	94⅝	+0⅛	−2	12.65
Sears O/S Fin 11½ 88	125	99⅜	99⅞	+0¼	+0⅜	11.57
Sears O/S Fin 11⅝ 91	150	95	95½	+0⅛	−0½	12.68
Sec Pac O/S Fin 11⅝ 89	75†	95½	96	0	0	12.83
Sec Pac O/S Fin 12 92	100	96¼	96¾	+0⅜	+0⅜	12.72
S.E.K. 11½ 89	100	95¾	96¼	+0⅜	+0¾	12.63
Shearson/Amex 12⅛ 94	100	94⅜	94⅞	+0⅜	+0½	13.12
Texaco Capital 10½ 93	200	88⅛	88⅝	+0⅜	+1⅛	12.23
Tokai Asia 12¼ 91	100	96⅝	97⅛	+0¼	+0½	12.94
World Bank 11¼ 88	100	97½	98	+0⅛	+0½	11.98
World Bank 11¼ 90	200	94⅛	94⅝	+0¼	+0¾	12.52
World Bank 11⅞ 89	200	96½	97	+0⅛	+0¾	12.28
World Bank 11½ 90	150	95½	96	+0⅜	+0⅜	12.47
World Bank 12 93	200	97⅞	98⅜	+0⅛	+0½	12.31

Av. price changes: on day +¼, on week +½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Allied Chemical 7½ 94	125	100½	101	+0½	+1⅛	7.38
Amca Int'l 8¼ 91	100	100⅝	101⅛	+0¼	+0¼	8.10
A.N.A.S. 8½ 91	150	100¼	101	+0⅛	0	8.36
Austria, Republic 7⅝ 94	200	98¾	99¼	+0⅛	−0¼	7.77
Barclays O/S 8⅛ 98	250	102	102½	+0¼	+0⅛	7.84
Baxter Travenol 7¼ 94	200	98⅛	98⅝	+0⅛	+0⅜	7.47
Credit National 8⅛ 94	200	100⅝	101⅛	+0¼	+0⅛	7.98
Degussa Int Fin 7½ 94	100	101⅜	101⅞	+0¼	+0⅛	7.26
E.E.C. 8 92	200	101¼	101¾	+0⅛	−0⅜	7.73
E.I.B. 8 91	250	100⅞	101⅜	0	+0⅜	7.79
[illegible]						

Av. price changes: on day +¼, on week +½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

Av. price changes: on day 0, on week +¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

Av. price changes: on day 0, on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

Av. price changes: on day 0, on week +¼

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate († three-month; § above mean rate) for U.S. dollars. C.cpn = Current coupon. C.yld = Current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.